

No. 11622

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
DOMINICAN REPUBLIC**

Development Credit Agreement—*Livestock Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 19 May 1971

Authentic text: English.

Registered by the International Development Association on 6 March 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RÉPUBLIQUE DOMINICAINE**

Contrat de crédit de développement — *Projet relatif à l'élevage* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 19 mai 1971

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 6 mars 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated May 19, 1971, between DOMINICAN REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by granting the Credit as hereinafter provided;

WHEREAS the Project will be carried out by the Banco Central de la República Dominicana (hereinafter called the Banco Central), with the Borrower's assistance and, as part of such assistance, the Borrower will relend to the Banco Central the proceeds of the Credit as provided herein and in a subsidiary loan agreement between the Borrower and the Banco Central; and

WHEREAS the Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith² between the Association and the Banco Central;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

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

(a) Section 5.01 is deleted;

¹ Came into force on 15 October 1971, upon notification by the Association to the Government of the Dominican Republic.

² The said Agreement entered into force on 15 October 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 245 DO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 154 of this volume.

(b) The words “the Project Agreement” are added after the words “the Development Credit Agreement” in Section 6.06;

(c) The words “or under the Project Agreement” are added after the words “the Development Credit Agreement” in Section 8.02; and

(d) the following subparagraph is added to Section 2.01:

“13. The term ‘Project Agreement’ has the meaning set forth in the Development Credit Agreement.”

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, 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) the term “Banco Central” means the Banco Central de la República Dominicana regulated by Organic Law No. 6.142 of December 29, 1962, as amended from time to time, and includes any successor thereto;

(b) the term “Participating Bank” means any bank or development finance company which has entered into a Project Administration Agreement;

(c) the term “Project Administration Agreement” means any of the Agreements referred to in Section 2.04 of the Project Agreement and includes any amendment to any such Agreement with the concurrence of the Association;

(d) the term “Project Agreement” means the Project Agreement (*Livestock Development Project*) between the Association and the Banco Central of even date herewith, as the same may be amended from time to time, and such term includes all schedules thereto;

(e) the term “Subsidiary Loan Agreement” means the agreement referred to in Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes the schedule thereto;

(f) the term “Subsidiary Loan” means the relending provided for in the Subsidiary Loan Agreement;

(g) the term “Part A Loan” means any loan included in Part A of the Project;

(h) the term “Part B Loan” means any loan included in Part B of the Project;

(i) the term “Development Credit Account” means the Development Credit Account referred to in Section 2.03 of the Subsidiary Loan Agreement;

(j) the term “DIA” means the Department of International Agreements of the Banco Central;

(k) the term "LPD" means the Livestock Project Division referred to in Section 2.03 of the Project Agreement;

(l) the term "Project Director" means the Project Director referred to in Section 2.03 (a) of the Project Agreement;

(m) the term "Livestock Assistant to DIA Director" means the Livestock Assistant to DIA Director referred to in Section 2.03 (b) of the Project Agreement; and

(n) the term "Investment Plan" means any of the Investment Plans referred to in paragraph (i) of Schedule 1 to the Project Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars (\$5,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services required for the Project and to be financed out of the proceeds of the Credit shall be procured pursuant to the provisions set forth or referred to in Section 2.07 of the Project Agreement.

Section 2.04. The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 15 and November 15 commencing May 15, 1981 and ending November 15, 2020, each installment to and including the installment payable on November 15, 1990, to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The Borrower shall cause the Banco Central to use the proceeds of payments which it receives from the Participating Banks under any Project Administration Agreement and which are not currently required to service the Subsidiary Loan, for further lending for either agricultural development or such other purpose as the Borrower and the Association shall agree. The Borrower and the Association shall consult from time to time as to the procedure for ensuring effective use of such proceeds.

Section 2.09. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.10. The Banco Central is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, agricultural and economic practices, and in accordance with the provisions of the Project Agreement and of the Subsidiary Loan Agreement; 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 relend the proceeds of the Credit to the Banco Central under a Subsidiary Loan Agreement to be entered into between the Borrower and the Banco Central under terms and conditions which shall have been approved by the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(d) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on the part of each of them to enable the Banco Central to perform all of its obligations under the Project Agreement and the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Section 3.02. The Borrower shall at all times supply, or make arrangements satisfactory to the Association for the supply of, ranchers with all such imported or locally produced brucellosis vaccine and other veterinary products, at competitive prices, as shall be required for the Project.

Article IV

CONSULTATION, INFORMATION AND INSPECTION

Section 4.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the performance by the Banco Central of its obligations under the Project Agreement and the Subsidiary Loan Agreement, the administration, operations and financial condition, in respect of the Project, of the Banco Central and of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 4.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition, in respect of the Project, of the Banco Central and of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplish-

ment of the purposes of the Credit, the maintenance of the service thereof, the performance by the Borrower of its other obligations under the Development Credit Agreement or the performance by the Banco Central of its obligations under the Project Agreement and the subsidiary Loan Agreement.

Section 4.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Article V

TAXES AND RESTRICTIONS

Section 5.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.02. The Development Credit Agreement, the Project Agreement and the Subsidiary Loan Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

REMEDIES OF THE ASSOCIATION

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

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

- (a) A default shall occur in the performance of any obligation on the part of the Banco Central under the Project Agreement or under the Subsidiary Loan Agreement and such default shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower and the Banco Central.
- (b) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Banco Central 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:

An extraordinary situation shall have arisen which shall make it improbable that the Banco Central can perform its obligations under the Project Agreement or the Subsidiary Loan Agreement.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) The execution and delivery of the Project Agreement on behalf of the Banco Central have been duly authorized or ratified by all necessary corporate and governmental action.
- (b) The execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and the Banco Central, respectively, have been duly authorized or ratified by all necessary corporate and governmental action and a certified translation thereof into English has been furnished to the Association by the Borrower.
- (c) The execution and delivery of a Project Administration Agreement on behalf of the Banco Central and a Participating Bank, respectively, have been duly authorized or ratified by all necessary corporate and governmental action and a certified translation thereof into English has been furnished to the Association by the Borrower.
- (d) LPD has been instituted and provided with the Project Director and with all such experts, supporting staff, facilities and other resources as are necessary for its initial operation.
- (e) The Livestock Assistant to DIA Director has been appointed.

(f) The Development Credit Account has been provided with not less than the equivalent of two hundred thousand dollars (\$200,000) for the purposes of making the first Part A Loans.

Section 7.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

- (a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Banco Central, and constitutes a valid and binding obligation of the Banco Central in accordance with its terms.
- (b) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Banco Central, respectively, and constitutes a valid and binding obligation of the Borrower and the Banco Central in accordance with its terms.
- (c) That the Project Administration Agreement referred to in Section 7.01 (c) of this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Banco Central and the Participating Bank, respectively, and constitutes a valid and binding obligation of the Banco Central and the Participating Bank in accordance with its terms.

Section 7.03. The date August 17, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 7.04. The obligations of the Borrower under Section 3.02 of this Agreement shall cease and terminate and the provisions of Section 6.02 (a) shall lapse on the date on which the Development Credit Agreement shall terminate or on a date fifteen years after the date of this Agreement, whichever shall be the earlier.

Article VIII

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 8.01. The Governor of the Banco Central and, in his absence, the person then fulfilling the functions of Governor of the Banco Central is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Banco Central de la República Dominicana
Calle Pedro Henriques Ureña
Santo Domingo, D.N.
Dominican Republic

Cable address:

Bancentral
Santo Domingo

For the Association:

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

Cable address:

Indevas
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.

Dominican Republic:

By MARCOS DE PEÑA
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Disbursements made by the Banco Central under Part A Loans	4,500,000	80% of such disbursements
II. Technical Services:		
(a) Remuneration of the Livestock Assistant to DIA Director, fellowships and training, research grants, and dairy-marketing consultants' fees	183,000	100% of total expenditures
(b) Project Director's remuneration	50,000	80% of total expenditures
(c) Vehicles and equipment	15,000	100% of foreign expenditures
(d) Remuneration of other professional and secretarial staff and gasoline in respect of LPD	52,000	30% of total expenditures
III. Unallocated	<u>200,000</u>	
TOTAL	<u><u>5,000,000</u></u>	

2. For the purposes of this Schedule:

- (a) the term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency of any member of the Bank (other than the Borrower) or Switzerland; and
- (b) the term "total expenditures" means the aggregate of foreign expenditures and expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures before the date of this Agreement; and
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above would exceed the amount payable net of all such taxes, such percentage shall be

reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category II (b) or II (d) shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the first stage of the Borrower's livestock development program and consists of:

Part A: Provision to ranchers of: (a) long-term loans (from seven to ten years) through Participating Banks and (b) technical assistance through DIA and Participating Banks for the development of:

- (i) about 100 beef breeding and fattening ranches in the Eastern region;
- (ii) about 120 dairy and beef ranches in the Northern region and in the Cibao Valley region; and
- (iii) about 40 beef and dairy ranches in the Northern region.

The loans included in this Part A will be used for financing pasture development, ranch installations, machinery and equipment, and breeding cattle.

Part B: Provision by Participating Banks of short-term loans (up to three years) to ranchers receiving Part A Loans, for the purchase of feeder steers and other working-capital needs.

Part C: Conducting of field trials on pasture and forage establishment and management.

Part D: Study of the economic and market impact of dairy-processing industries in the Dominican Republic.

Part E: Local and overseas training of Dominican personnel.

Part B of the Project will not be financed out of the proceeds of the Credit.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]