

No. 11627

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BOLIVIA**

Development Credit Agreement—*Third Livestock Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 25 June 1971

Authentic text: English.

Registered by the International Development Association on 6 March 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
BOLIVIE**

Contrat de crédit de développement — *Troisième projet relatif à l'élevage* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 25 juin 1971

Texte authentique : anglais.

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

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 25, 1971, between the REPUBLIC OF BOLIVIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in financing the cost of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) Parts of the Project will be carried out by Banco Agrícola de Bolivia (hereinafter called BAB) with the Borrower's assistance and, as part of such assistance, the Borrower shall relend to BAB an amount of up to six million seven hundred thousand dollars (\$6,700,000) equivalent out of the proceeds of the Credit as hereinafter provided; and

(C) 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 BAB;

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 forth herein, subject, however, to the deletion of Section 5.01 thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

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

¹ Came into force on 15 September 1971, upon notification by the Association to the Government of Bolivia.

² The said Agreement entered into force on 15 September 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 261 BO, a certified true copy of which was transmitted to the Secretariat together with the document submitted for registration of the present Development Credit Agreement.

³ See p. 302 of this volume.

(a) “Project Agreement” means the agreement between the Association and BAB of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement;

(b) “Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and BAB pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) “ranch development plan” means a proposal for investing in fencing, stock handling and watering facilities, essential ranch construction, stock and pasture management equipment and tools, selected pasture establishment and limited numbers of breeding cattle, sheep or other related on-ranch items or any combination thereof, and for the provision of working capital and technical services in connection therewith;

(d) “Project Director” means the livestock expert referred to in Section 2.02 of the Project Agreement;

(e) “Second Livestock Credit” means the agreement between the Borrower and the Association (Credit 171 BO) dated January 13, 1970;¹ and

(f) “Project Commission” means the commission established pursuant to *Resolución Suprema* No. 155226 of the Borrower dated December 3, 1970.

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 six million eight hundred thousand dollars (\$6,800,000).

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 (i) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for

¹ United Nations, *Treaty Series*, vol. 742, p. 63.

goods produced in, or services supplied from, such territories, (ii) Part D of the Project without the prior approval of the Association to permit withdrawals in respect thereof, and (iii) any payment under a loan granted by BAB unless the Project Director recommends the ranch development plan for which such loan is requested and, where the amount of any such loan, or the aggregate of any such loans to an individual rancher, is in excess of or equivalent to one hundred thousand dollars (\$100,000), unless the relevant plan has also been approved by the Association.

Section 2.03. The Closing Date shall be June 30, 1977 or such other date as shall be agreed between the Borrower and the Association.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each May 15 and November 15 commencing November 15, 1981, and ending May 15, 2021, each installment to and including the installment payable on May 15, 1991, to be one-half of one per cent ($1/2$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\ 1/2\%$) of such principal amount.

Section 2.07. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out or cause to be carried out Part C of the Project and shall cause BAB to carry out Parts A, B and D of the Project with due diligence and efficiency and in conformity with sound agricultural, administrative, economic and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend up to six million seven hundred thousand dollars equivalent out of the proceeds of the Credit to BAB under a subsidiary loan agreement to be entered into between the Borrower and BAB 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, nor 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 their part to enable BAB to perform all of its obligation 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.

(e) The operating policies and procedures for carrying out Parts A, B and D of the Project shall be as set forth in Schedule 3 to this Agreement or as the same may be amended from time to time by agreement between the Borrower, the Association and BAB.

Section 3.02. (a) In order to assist the Borrower in improving cattle slaughtering and meat marketing operations in its territories, the Borrower shall forthwith employ qualified and experienced consultants acceptable to the Association upon terms and conditions satisfactory to the Association, and, unless the Association shall otherwise agree, submit the report of said consultants to the Association within twelve months from the Effective Date.

(b) On a date not later than nine months after the date of said submission of the report, and with due regard to the recommendations included therein, the Borrower shall adopt a beef price policy acceptable to the Association establishing appropriate price differentials between different grades and qualities of meat.

Section 3.03. Prior to the approval of any withdrawals in respect of Part D of the Project, the Borrower shall submit to the Association a plan acceptable to the Association for the establishment of a meat inspection service and a meat grading system of a standard satisfactory to the Association and a timetable for the implementation thereof.

Section 3.04. (a) Except as the Association shall otherwise agree, (i) the goods required for Part D of the Project and to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as shall be agreed between the Association and the Borrower, and (ii) contracts for the procurement of all goods and services

required for Part D of the Project and to be financed out of the proceeds of the Credit shall be subject to the prior approval of the Association.

(b) The Borrower undertakes to cause to insure, or make adequate provision for the insurance of, the imported goods required for Part D of the Project to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(c) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.05. (a) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications and contract documents for Part D of the Project, and any material modifications or amplifications thereof, in such detail as the Association shall reasonably request.

(b) The Borrower shall or shall cause BAB to: (i) maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Article IV

OTHER COVENANTS

Section 4.01. The Borrower shall take all measures within its powers to ensure the provision of air transport facilities adequate for the needs of the Project, including without limitation, the establishment and maintenance of air freight tariffs at a level adequate to ensure a reasonable profit for efficient air transport operators carrying livestock or livestock produce to domestic and foreign markets.

Section 4.02. The Borrower shall promptly issue all permits and licenses that are necessary for the importation of any goods, including

vaccines not available in Bolivia, required for the carrying out of the Project or the maintenance of the benefits to be derived therefrom.

Section 4.03. The Borrower agrees that in the event the rate of increase in the Borrower's cost of living index exceeds eight per cent per annum, in any six month period compared with the same six month period of the preceding year, the Borrower will not permit BAB to make further loan commitments or permit withdrawals under the Subsidiary Loan Agreement in respect thereof until an agreement with the Association has been reached on arrangements for indexing to be applied in respect of such further loans.

Section 4.04. The Borrower shall, until the Closing Date, maintain the Project Commission and take all action which may be required on its part in order to enable the Project Commission to discharge its functions and responsibilities.

Section 4.05. The Borrower shall take reasonable measures to establish and maintain in the areas referred to in Schedule 2 to this Agreement (i) an effective foot-and-mouth disease control program, and (ii) an effective procedure for prompt clarification of land titles.

Section 4.06. The Borrower shall not after meeting the condition set forth in Section 8.01 (c) of this Agreement reintroduce any quantitative restrictions on the export of beef from its territories except if such measures are temporary and the Borrower demonstrates to the Association that they are imposed because of emergency conditions.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. 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 BAB of its obligations under the Project Agreement, the administration, operations and financial condition 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 5.02. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment 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 BAB of its obligations under the Project Agreement and the Subsidiary Loan Agreement.

Section 5.03. 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 VI

TAXES AND RESTRICTIONS

Section 6.01. 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 6.02. The Development Credit Agreement and the Project 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 6.03. 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 VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.02 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 7.02. 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 BAB under the Project 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 BAB.
- (b) BAB shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by BAB or by others whereby any of the property of BAB shall or may be distributed among its creditors.
- (c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of BAB or for the suspension of its operations.
- (d) An event specified under Section 5.02 (a), (b) or (c) of the Second Livestock Credit shall have occurred.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. 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 BAB 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 BAB, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.
- (c) That all quantitative restrictions on the export of beef from the territories of the Borrower have been eliminated.

Section 8.02. 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, BAB, and constitutes a valid and binding obligation of BAB 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 BAB, respectively, and constitutes a valid and binding obligation of the Borrower and BAB in accordance with its terms.

Section 8.03. The date September 15, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower in respect of the Project shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date on which the Subsidiary Loan Agreement terminates in accordance with its terms, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministerio de Finanzas
La Paz, Bolivia

Cable address:

Minfinanzas
La Paz

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.

Republic of Bolivia:

By ANTONIO SÁNCHEZ DE LOZADA
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 and the allocation of amounts of the Credit to each category. This allocation is based on the estimated foreign exchange cost of the items included in the Project.

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>
I. Long-term loans for investment in beef ranch development	3,300,000
II. Long-term loans for investment in sheep ranch development	1,500,000
III. Short-term loans to beef and sheep ranchers for incremental working capital requirement	600,000
IV. Technical services and equipment for the provision thereof	200,000
V. Consulting services	100,000
VI. Loans for slaughterhouse construction and renovations . . .	400,000
VII. Unallocated	<u>700,000</u>
TOTAL	<u><u>6,800,000</u></u>

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

- (a) expenditures for goods or parts thereof produced in, or services supplied from, the territories of the Borrower in respect of Category IV;
- (b) expenditures prior to the date of this Agreement;
- (c) the equivalent of more than (i) seventy-eight per cent (78%) in respect of any loan granted by BAB under Categories I and II of this Schedule 1, (ii) fifty-seven per cent (57%) in respect of any loan granted by BAB under Category III of this Schedule 1 and (iii) eighty-five per cent (85%) in respect of the cost of services under Category V of this Schedule 1. With respect to Category VI of this Schedule 1, amounts withdrawn may equal the equivalent of 100% of loans granted by BAB. The percentages set forth in this subparagraph (c) may be amended from time to time by agreement between the Borrower and the Association; and
- (d) 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.

3. 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, 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.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the third stage of a livestock development program of the Borrower. It consists of the following Parts:

Part A

Provision of loans to: (i) beef cattle ranchers in the Beni and Pando Departments and in the Iturralde, Alto Beni, and Chapare Provinces for development of beef cattle breeding and fattening ranches, (ii) owners of sheep ranches, including both individual owners and co-operatives, in the La Paz, Oruro and Potosí Departments for development of sheep production for both wool and mutton.

Part B

Provision of technical services to sheep and cattle ranchers receiving loans under Part A, including the equipment BAB requires for the provision thereof.

Part C

Employment of consultants to make detailed recommendations on the Borrower's meat policies; establishment of an adequate meat grading and inspection service; construction of additional slaughterhouses and cold storage facilities, and creation of adequate transport and marketing facilities.

Part D

Provision of loans for the construction or renovation of slaughterhouses or cold storage facilities, and of working capital for new slaughterhouses, and the training of up to six meat inspectors.

The Project is expected to be completed by mid-1976.

SCHEDULE 3

OPERATING POLICIES AND PROCEDURES
FOR BAB UNDER THE PROJECT*I. Project Administration*

1. The Livestock Project Division (LPD) of BAB will consist of a Project Director, two regional sub-projects directors, one pilot, at least three veterinarians, at least thirteen field technicians and supporting clerical staff, all employed on a full-time basis. The position of Project Director will be filled as provided in Section 2.02 of the Project Agreement.

2. The LPD technical staff will be primarily responsible for:

- (a) assisting participating ranchers in preparing individual ranch development plans;
- (b) recommending such ranch development plans for review by the Project Director; and
- (c) supervising the execution of ranch development plans for which loans are made.

3. The Project Director has, as the head of the LPD, the authority to manage the Project in all its aspects, with the following powers and responsibilities which he may delegate, in whole or in part, to the LPD staff:

- (a) advising the Project Loan Committee on promoting and carrying out the Project;
- (b) approving or disapproving all ranch development plans and recommending such plans to the Loan Committee as the basis for lending;
- (c) carrying out the Project in accordance with agreed policies and procedures;
- (d) recommending suspension of disbursements in cases of misuse of loan proceeds by ranchers;
- (e) in agreement with the General Manager, select, promote, suspend and remove all field technicians and other LPD staff and, within specified limits, fixing their salaries and other compensation adequate to attract and keep the best qualified candidates available;
- (f) prescribing the duties and responsibilities of the field technicians and the other LPD staff and training them to prepare ranch development plans, including the technical and economic aspects of livestock production;
- (g) providing such supervision and technical services as necessary to ensure successful completion of each ranch development plan;
- (h) establishing and maintaining ranch records as needed for Project evaluation;
- (i) preparing, for the approval of BAB's Board of Directors, the LPD annual operating budget and authorizing all expenditures thereunder;
- (j) preparing quarterly and annual progress reports to be submitted to BAB for transmittal to the Association.

4. The Project Director reports to the President of BAB through the General Manager.

5. Expenditures under Part B of Schedule 2 to the Credit Agreement for training of selected technicians, and special and transport equipment will be subject to the approval of the Project Director.

6. The Project Loan Committee will consist of the General Manager and Credit Manager of BAB and the Project Director. The Project Loan Committee has received from BAB's Board of Directors full authority to accept or reject loan applications on grounds of credit worthiness only and to give final approval to each loan, subject, however, to the provisions of this Agreement. It will act upon the recommendation of the Project Director concerning the technical and economic aspects of each ranch development plan but it will not amend any loan application without the approval of the Project Director. It has also received authority to establish procedures for the collection of debts, including the foreclosure or other enforcement of security, and to take such action as may be appropriate in relation thereto.

7. Approved loans to cattle ranchers will be processed through BAB's regional office at Trinidad. Approved loans to sheep ranchers will be processed through BAB's regional office at Oruro.

II. *Lending Policies and Procedures*

1. Under the Subsidiary Loan Agreement, the Borrower will make available to BAB the proceeds of the Credit in local currency, bearing interest at the rate of 7 ¹/₄% per annum on the amounts withdrawn and outstanding from time to time, for a term of 16 years, including a 5-year grace period. The aforesaid 7 ¹/₄ annual interest will be the only charge to BAB for the use of proceeds of the Credit.

2. Long-term loans for investment in ranch development will be made on the basis of plans prepared by the LPD field technicians and approved by the Project Director. The preparation and appraisal of such plans will include the projection of costs and returns to the participating rancher for the term of his loan. Such projections will be received, at least annually, by the LPD to determine their accuracy and practicality, and records will be kept by the LPD to provide adequate data for measurement of results.

3. Long-term loans will, on an average, be for 80% of the estimated total cost of each cattle ranch development plan, and 8% of the estimated total cost of each sheep ranch development plan, based on eligible items of ranch development as listed in Section 1.02 (c) of the Credit Agreement, approved by the Project Director. Such loans will bear interest at the rate of 12% per annum or such other rate as may be agreed with the Association, and will have a term of 12 years including a 4-year grace period. The incremental value of the investments to be made will be included in the basis for the estimation of the security to be required for such loans.

4. In addition to long-term loans for investment in ranch development, BAB will make short-term loans to ranchers during the first five years of the Project to cover their requirements for incremental working capital. These loans will bear maturities of up to 24 months as determined by the applicable ranch development plan and consistent with the rancher's ability to repay. They will be at an interest rate of 12% per annum or such other rate as may be agreed with the Association.

5. Except as the Project Director may otherwise recommended, the purchase of breeding cattle will not exceed 50% of any single ranch development loan, provided, however, that not more than 50% of the total amount of ranch development loans granted under the Project and financed in part from Category I of the allocation of the proceeds of the Credit shall be used for the purchase of breeding cattle. All purchases of livestock required for the Project will be subject to the approval of the Project Director with respect to quality, and animal health standards.

6. In the case of any ranch development loan or loans exceeding in the aggregate the equivalent of one hundred thousand dollars (US\$100,000), to be granted by BAB to any single participating rancher, BAB will request the prior approval of the Association and will furnish to the Association such information about the proposed loan or loans as the Association may request.

7. All cattle and sheep belonging to participating ranchers will be periodically vaccinated against foot-and-mouth disease and paralytic rabies.

8. If a participating rancher is found to have applied any loan proceeds for purposes other than those stated in his ranch development plan approved by the Project Director, BAB will, upon the recommendation of the Project Director, promptly suspend loan disbursements until the Project Director will be satisfied that such participating rancher has complied with the terms of the ranch development plan.

9. Terms and conditions of loans for construction or renovation of slaughterhouses shall be as follows: long-term loans for construction of new slaughterhouses and cold storage facilities, or for renovation of existing ones, will, on an average, be for 55% of the estimated total cost of such construction or renovation; other terms and conditions of such loans shall be determined between the Borrower, IDA and BAB following the receipt of the recommendations of the consultants referred to in Section 3.02 hereof.

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.*]