

No. 12075

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

**Loan Agreement—*Third Livestock Project—Supplementary*
(with schedules and General Conditions Applicable to
Loan and Guarantee Agreements). Signed at Washington
on 30 June 1971**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
17 October 1972.*

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

**Contrat d'emprunt — *Troisième projet relatif à l'élevage –
Complémentaire* (avec annexes et Conditions générales
applicables aux contrats d'emprunt et de garantie).
Signé à Washington le 30 juin 1971**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 17 octobre 1972.*

LOAN AGREEMENT¹

AGREEMENT, dated June 30, 1971, between REPÚBLICA ORIENTAL DEL URUGUAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement (hereinafter called the 1970 Agreement) dated June 30, 1970² between the Borrower and the Bank, the Bank made a loan to the Borrower in an amount in various currencies equivalent to six million three hundred thousand dollars (\$6,300,000), on the terms and conditions set forth in the 1970 Agreement, for the purpose of assisting in the financing of the third stage of a livestock development program of the Borrower;

WHEREAS the Borrower has requested the Bank to provide additional financing for the same purpose;

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 Loan and Guarantee Agreements of the Bank, dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions):

Paragraph 12 of Section 2.01 is deleted and the following paragraph is substituted therefor:

“12. The term ‘Project’ means the project for which the Loan is granted as described in Schedule 3 to the 1970 Agreement and as such description may be amended from time to time by agreement between the Borrower and the Bank.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the 1970 Agreement and in the General Conditions have the respective meanings therein set forth and the term “1970 Loan” means the loan provided for in the 1970 Agreement.

Article II. THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to four million dollars (\$4,000,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

¹ Came into force on 18 October 1971, upon notification by the Bank to the Government of Uruguay.

² United Nations, *Treaty Series*, vol. 783, p. 107.

³ See p. 135 of this volume.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this 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 the 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 Category 2 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;
- (b) no withdrawal shall be made from the Loan Account on account of expenditures incurred 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; and
- (c) unless otherwise agreed between the Borrower and the Bank, no withdrawal shall be made from the Loan Account until all funds provided for the same purpose in the 1970 Agreement have been withdrawn.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-quarter per cent ($7\frac{1}{4}$ %) 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 the Loan Agreement to expenditures on Parts 1 and 2 of the Project.

Section 3.02. Except as the Bank shall otherwise agree, (a) the goods 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, as revised in May 1971, and in accordance with such procedures supplementary thereto as shall be agreed between the Borrower and the Bank; and (b) the contracts for the procurement of such goods shall be subject to the prior approval of the Bank.

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 Parts 1 and 2 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 AND AMENDMENTS TO THE 1970 AGREEMENT

Section 5.01. The parties to this Agreement accept all the provisions of Article V of the 1970 Agreement, as such provisions are hereinafter amended and with the only exception of Section 5.09 of such Agreement, with the same force and effect as if they were fully set forth herein.

Section 5.02. The parties to this Agreement hereby amend the provisions of Article V of the 1970 Agreement as follows:

(a) The words "April 30, 1971" in Section 5.07 (d) are replaced by the words "January 31, 1972".

(b) The words "or Article 462 of Law No. 13892" are added between the words "Law No. 12394" and the words "of the Borrower" in Section 5.10 (a).

Section 5.03. The parties to this Agreement hereby amend the Description of the Project in Schedule 3 to the 1970 Agreement by replacing the figure "3,000" in paragraph 1 therein by the figure "3,500".

Section 5.04. With regard to Section 5.02 (a) of the 1970 Agreement, it is hereby agreed that the Borrower shall cause Banco Central to keep records and accounts within the Livestock Fund for the purposes of the Loan separate from the records and accounts being kept for the purposes of the 1970 Loan.

Article VI. REMEDIES OF THE BANK

Section 6.01. The parties to this Agreement accept all the provisions of Article VI of the 1970 Agreement with the same force and effect as if they were fully set forth herein.

Section 6.02. (a) The following additional event is specified for the purposes of Section 6.02 of the General Conditions, namely, the Borrower shall have failed to perform any of its obligations under the 1970 Agreement other than its obligations to pay monies thereunder.

(b) The following additional event is specified for the purposes of Section 7.01 of the General Conditions, namely, the event specified in paragraph (a) shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

Article VII. EFFECTIVE DATE; TERMINATION

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

- (a) Banco Central shall have made the first of the allocations of the Loan, pursuant to Section 5.01 of this Agreement and Section 5.02 (c) of the 1970 Agreement; and
- (b) Banco Central shall have entered into a Subsidiary Loan Agreement with at least one Participating Bank.

Section 7.02. The date August 16, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VIII. MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1972, 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

Cable address :
Mineconomía y Finanzas
Montevideo

With copies to :

Comisión Honoraria del Plan Agropecuario
Ciudadela 1471
Montevideo, Uruguay

Cable address :
Malplanagro
Montevideo

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:
Intbafrad
Washington, D.C.

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

República 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	2,250,000
2. Seeds and fertilizer	1,650,000
3. Unallocated	100,000
	TOTAL <u>4,000,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories 1 or 2 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 3.

2. If the estimate of the cost of the items included in Categories 1 or 2 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan in the case of Category 2, 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 3, subject, however, to the requirements for contingencies, as determined by the Bank.

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, 1975	190,000	July 15, 1979	250,000
January 15, 1976	195,000	January 15, 1980	260,000
July 15, 1976	205,000	July 15, 1980	270,000
January 15, 1977	210,000	January 15, 1981	280,000
July 15, 1977	220,000	July 15, 1981	290,000
January 15, 1978	225,000	January 15, 1982	300,000
July 15, 1978	235,000	July 15, 1982	310,000
January 15, 1979	240,000	January 15, 1983	320,000

* 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 $\frac{1}{4}$ %
More than two years but not more than four years before maturity	2 $\frac{1}{2}$ %
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	6 %
More than ten years before maturity	7 $\frac{1}{4}$ %

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.]