No. 7394

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PARAGUAY

Development Credit Agreement—*Cattle Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 26 December 1963

Official text: English.

Registered by the International Development Association on 24 August 1964.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
PARAGUAY

Contrat de crédit de développement—*Projet relatif à l'élevage du bétail* (avec lettres connexes et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 26 décembre 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 24 août 1964.

No. 7394. DEVELOPMENT CREDIT AGREEMENT[1] (*CATTLE PROJECT*) BETWEEN THE REPUBLIC OF PARAGUAY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 26 DECEMBER 1963

AGREEMENT, dated December 26, 1963, between REPUBLIC OF PARAGUAY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961[2] with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(*a*) Section 3.01 is deleted and the following new section is substituted therefor :

"SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

"(*b*) The proceeds of the Credit shall be withdrawn from the Credit Account :

"(i) on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower in such currency or currencies as the Association shall from time to time reasonably select ;

"(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

[1] Came into force on 4 June 1964, upon notification by the Association to the Republic of Paraguay.

[2] See p. 22 of this volume.

"(*c*) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made."

(*b*) A new Section 3.04 is inserted after Section 3.03 as follows :

"SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03."

(*c*) Section 3.04 is renumbered as Section 3.05.

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, the following terms shall have the following meanings :

(*a*) The term "Central Bank" means the Central Bank of Paraguay.

(*b*) The term "Development Bank" means the National Development Bank of Paraguay.

(*c*) The term "Coordinating Committee" means the committee referred to in Section 4.01 (*d*), to be created by the Borrower, composed of a senior officer of the Central Bank as chairman, a representative of the Development Bank and a technical livestock expert.

(*d*) The term "Operating Agreement" means the Agreement among the Borrower, the Central Bank and the Development Bank, described in Section 4.01 (*e*) of this Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to three million six hundred thousand dollars ($3,600,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement ; provided, however, that no withdrawals shall be made : (i) with respect to the loans described in subparagraph 1 of the Schedule[1] to this Agreement unless the plan of ranch development for which such loan would be granted shall be approved by the technical livestock expert referred to in Section 4.01 (*b*) ; and (ii) with respect to the loans described in subparagraph 2 of the Schedule to this Agree-

[1] See p. 18 of this volume.

ment unless the granting of such loans shall be approved by such expert. As used in this Section, the term "plan of ranch development" means a proposal for improving the physical resources of fencing, water and stock handling facilities to be financed with the proceeds of the Credit.

Section 2.03. Except as the Borrower and the Association shall otherwise agree :

(*a*) the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account : (i) such amounts as shall have been expended for the reasonable cost of goods to be financed out of the proceeds of the Credit ; (ii) such amounts as shall be the equivalent to such percentage or percentages as may from time to time be agreed between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ; and (iii) if the Association shall so agree, such amounts as shall be required to meet payments under (i) and (ii) hereof ;

(*b*) no withdrawals shall be made on account of expenditures incurred prior to November 1, 1963.

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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4. 02 of the Regulations.

Section 2.05. Service charges shall be paid semiannually on April 1 and October 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semiannual instalments payable on each April 1 and October 1 commencing October 1, 1973, and ending April 1, 2013, each instalment to and including the instalment payable on April 1, 1983 to be one-half of one per cent (1/2 of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent (1 1/2 %) of such principal amount.

Article III

Use of Proceeds of Credit

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of the goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound financial, agricultural and engineering practices. In furtherance thereof, the Borrower shall, *inter alia*, make available, or cause to be made available, promptly as needed all funds and other resources which shall be required therefor.

(*b*) In carrying out the Project, the Borrower shall employ or cause to be employed a technical livestock expert acceptable to the Association on terms and conditions satisfactory to the Borrower and the Association.

(*c*) All monies withdrawn from the Credit Account, except monies withdrawn in respect of technical supervisory services, shall be made available as loans or portions of loans granted by the Borrower to carry out the Project.

(*d*) Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause the Central Bank to organize the Coordinating Committee.

(*e*) The Borrower shall make arrangements, satisfactory to the Association, to assure that (i) the Central Bank shall have responsibility for the overall administration of the Project and (ii) the Development Bank shall provide technical and banking services in connection therewith. Such arrangements shall be defined in the Operating Agreement which shall be subject to the prior agreement of the Association and shall not be modified without the consent of the Association.

Section 4.02. Except as shall be otherwise agreed between the Borrower and the Association, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 4.03. In the case of any loan or loans exceeding in the aggregate the equivalent of one hundred thousand dollars granted by the Borrower to a single debtor, the Borrower agrees to submit or cause to be submitted such information about the proposed loan or loans as the Association shall reasonably request. The Borrower further agrees that it shall not grant or permit to be granted any such loans without prior approval of the Association.