No. 8251

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and URUGUAY

Loan Agreement—*Second Livestock Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 30 March 1965

Official text : English.

Registered by the International Bank for Reconstruction and Development on 12 July 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et URUGUAY

Contrat d'emprunt — *Deuxième projet relatif à l'amélioration du cheptel* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 30 mars 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 12 juillet 1966.

No. 8251. LOAN AGREEMENT[1] (*SECOND LIVESTOCK PROJECT*) BETWEEN REPUBLICA ORIENTAL DEL URUGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 MARCH 1965

AGREEMENT, dated March 30, 1965 between REPÚBLICA ORIENTAL DEL URUGUAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS, by law No. 12394 of July 2, 1957, as amended by Law No. 12746 of August 4, 1960, the Borrower has declared the carrying out of a plan of technical improvement of livestock and agricultural production to be of national interest ;

WHEREAS, the Borrower has created the Comisión Honoraria del Plan Agropecuario which has the responsibility of directing and supervising the execution of such plan ;

WHEREAS, by a loan agreement dated December 30, 1959,[2] between the Borrower and the Bank, the Bank agreed to make a loan to the Borrower in various currencies equivalent to $7,000,000 for the purpose of financing a project for the implementation of such plan in its first five years ;

WHEREAS, the Borrower is determined to continue to follow policies which, as part of a broad program for fostering sound economic growth, will create opportunities and incentives for the expansion of livestock and agricultural production and ensure the accomplishment of the purposes of such plan ;

WHEREAS, the Banco de la República Oriental del Uruguay is willing to make funds available for the further implementation of such plan as hereinafter provided ;

WHEREAS, the Bank is willing at this time to make a loan to the Borrower, upon the terms and conditions hereinafter set forth, for the purpose of contributing to the further implementation of such plan ;

NOW THEREFORE the parties hereto hereby agree as follows :

[1] Came into force on 28 December 1965, upon notification by the Bank to the Government of Uruguay.

[2] United Nations, *Treaty Series*, Vol. 384, p. 275.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 [1] (said Loan Regulations No. 3 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement :

(*a*) "Law No. 12394" means the Law No. 12394 of the Borrower dated July 2, 1957, as amended by Law No. 12746 of the Borrower dated August 4, 1960, providing for a plan of technical improvement of livestock and agricultural production and for the creation of a Livestock Fund.

(*b*) "Honorary Commission" means Comisión Honoraria del Plan Agropecuario created pursuant to the Law No. 12394.

(*c*) "Bank of the Republic" means Banco de la República Oriental de Uruguay.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twelve million seven hundred thousand dollars ($12,700,000).

Section 2.02. 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. 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 Agreement and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of

[1] See p. 64 of this volume.

the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent (½ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Honorary Commission acting on behalf of the Borrower, subject to modification by further agreement between them.

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

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The *Ministro de Hacienda* and the *Director de Crédito Público* of the Borrower acting jointly and such person or persons as they shall jointly appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

Particular Covenants

Section 5.01. (*a*) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural and financial practices.

(*b*) The Borrower, in accordance with the provisions of Law No. 12394, shall cause technical experts acceptable to the Bank to be employed by the Honorary Commission upon terms and conditions satisfactory to the Borrower, the Honorary Commission and the Bank, to assist in the carrying out of the Project.

(*c*) The Borrower shall ensure at all times that the operating policies referred to in paragraph (*d*) below are duly carried out, and particularly that credit is made promptly available to farmers participating in the Project. (i) In this connection, the Borrower shall make arrangements with the Bank of the Republic whereby the Bank of the Republic will undertake to make available, in accordance with the said operating policies, funds in the currency of the Borrower in amounts equivalent to not less than four million dollars to contribute to the financing of the Project. (ii) Whenever there is reasonable cause to believe that the funds in currency of the Borrower available to the Honorary Commission or to the Bank of the Republic will be inadequate to meet the estimated expenditures required for carrying out the Project, including the provision of credit to farmers participating in the Project, the Borrower shall make arrangements satisfactory to the Bank promptly to provide the Honorary Commission or the Bank of the Republic, or to cause the Honorary Commission or the Bank of the Republic to be provided, with such funds in currency of the Borrower as are needed to meet such expenditures.

(*d*) The operating policies for the carrying out of the Project, including the provision of funds by the Bank of the Republic and the terms and conditions of the loans to farmers participating in the Project, shall be agreed upon from time to time between the Bank and both the Bank of the Republic and the Honorary Commission.

(*e*) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, 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 and financial condition of the Honorary Commission ; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the Livestock Fund and the operations and financial condition of the Honorary Commission.

(*f*) Except as the Bank shall otherwise agree, the Borrower shall cause the accounts relating to the funds for the Project and the accounts of the Honorary Commission to be audited at least once a year by an accountant acceptable to the Bank and shall cause a signed copy of the accountant's report to be furnished to the Bank promptly after its preparation.

Section 5.02. (*a*) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall