No. 8469

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PARAGUAY

Development Credit Agreement—*Second Livestock Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 4 April 1966

Official text: English.

Registered by the International Development Association on 14 December 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
PARAGUAY

Contrat de crédit de développement — *Deuxième projet relatif à l'élevage du bétail* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 4 avril 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 14 décembre 1966.

No. 8469. DEVELOPMENT CREDIT AGREEMENT[1] (*SECOND LIVESTOCK PROJECT*) BETWEEN THE REPUBLIC OF PARAGUAY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 4 APRIL 1966

AGREEMENT, dated April 4, 1966, 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*) The words " at the same rate " in the second sentence of Section 2.02 are deleted and the words " at the rate of one-half of one per cent ($^1/_2$ of 1%) per annum " are substituted therefor.

(*b*) 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the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" (*b*) The proceeds of the Credit shall be withdrawn from the Credit Account :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;

[1] Came into force on 28 July 1966, upon notification by the Association to the Government of Paraguay.

[2] See p. 350 of this volume.

" (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.

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

(*c*) 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. "

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

(*e*) Section 8.04 is deleted.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in the Development Credit Agreement 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*), 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, dated February 28, 1964, as amended February 18, 1966, setting forth the organization and functions of the " Coordinating Committee ".

(*e*) The term " livestock " means beef cattle, dairy cattle and sheep.

(*f*) The term " plan of farm development " means a proposal for improving the physical resources of fencing, water and stock handling facilities, drainage works, pasture improvement, breeding stock, farm houses, on-farm disease control measures or other related on-farm items or any combination thereof to be financed with the proceeds of the Credit.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to seven million five hundred thousand dollars ($7,500,000).

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, this Development Credit Agreement; provided, however, that no withdrawals shall be made : (i) with respect to any loan described in sub-paragraph 1 of the Schedule to this Agreement unless the plan of farm 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 loan or loans described in sub-paragraph 2 of the Schedule to this Agreement unless the granting of such loan or loans shall be approved by the Association.

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

(*a*) the Borrower shall be entitled, subject to the provisions of this Development Credit Agreement, to withdraw from the Credit Account : (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been paid or, if the Association shall so agree, as shall be required to meet payments to be made under the loans described in sub-paragraph 1 of the Schedule to this Agreement and to be financed out of the proceeds of the Credit; (ii) such amounts as shall have been paid or, if the Association shall so agree, as shall be required to meet payments to be made for the reasonable foreign exchange cost of goods required for the part of the Project described in sub-paragraph 2 or 3 of the Schedule to this Agreement and to be financed out of the proceeds of the Credit.

(*b*) no withdrawals shall be made on account of expenditures incurred prior to the date of this Agreement.

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 rate of one-half of one per cent ($^1/_2$ of 1%) per annum 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 April 1, 1976 and ending October 1, 2015, each instalment to and including the instalment payable on October 1, 1985 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.

(*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*) The Borrower shall maintain or cause the Central Bank to maintain the Coordinating Committee in its present form until the Credit has been fully withdrawn from the Credit Account. Thereafter, the Borrower and the Association shall consult from time to time as to the future organization and functions of the Coordinating Committee.