No. 8878

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, ECUADOR and BANCO CENTRAL DEL ECUADOR

Loan Agreement — *Livestock Development Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 19 June 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 29 December 1967.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT, ÉQUATEUR et BANCO CENTRAL DEL ECUADOR

Contrat d'emprunt — *Projet relatif au développement de l'élevage* (avec, en annexe, le Règlement nº 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 19 juin 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 décembre 1967

No. 8878. LOAN AGREEMENT[1] *(LIVESTOCK DEVELOPMENT PROJECT)* BETWEEN THE REPUBLIC OF ECUADOR, THE BANCO CENTRAL DEL ECUADOR AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 JUNE 1967

AGREEMENT, dated June 19, 1967, between REPUBLIC OF ECUADOR (hereinafter called the Borrower), BANCO CENTRAL DEL ECUADOR (hereinafter called Banco Central) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank to provide financial assistance for a livestock development project aimed at increased beef production in selected areas in the territories of the Borrower ;

WHEREAS the Banco Central is willing to act as the fiscal agent of the Borrower in the carrying out of such livestock development project and to undertake in connection therewith certain obligations as hereinafter set forth ; and

WHEREAS the Bank is willing to make a loan to the Borrower, on the terms and conditions hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

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, as amended February 9, 1967,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called Loan Regulations) :

[1] Came into force on 4 December 1967, upon notification by the Bank to the Government of Ecuador.

[2] See p. 98 of this volume.

(*a*) The second sentence of Section 3.02 shall apply only to withdrawals pursuant to subparagraph (*b*) of Section 2.03 of this Agreement.

(*b*) Section 4.01 is deleted.

(*c*) The words " or Banco Central " are inserted after the words " the Borrower " whenever they occur in paragraphs (*c*) and (*d*) of Section 5.02.

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

(*a*) The term " Subsidiary Loan Agreements " means the agreements that shall be entered into on terms and conditions satisfactory to the Bank between the Borrower, Banco Central and Participating Banks for the purpose of carrying out the Project and shall include any amendments thereto made with the approval of the Bank.

(*b*) The term " Participating Banks " means any bank, acceptable to the Bank, which shall have become a party to a Subsidiary Loan Agreement.

(*c*) The term " Special Account " means the account and sub-accounts referred to in Section 5.11 of this Agreement.

(*d*) The term " Lending Program " means the part of the Project described in paragraph A of Schedule 2 to this Agreement.

(*e*) The term " Project Commission " means the commission referred to in Section 5.09 of this 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. 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, the Loan Agreement.

Section 2.03. The Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

(*a*) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of amounts actually disbursed by Participating Banks to farmers under the Lending Program ; and

(*b*) 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 the reasonable foreign exchange cost of the goods referred to in paragraph B of Schedule 2 to this Agreement ;

provided, however, that except as shall be otherwise agreed between the Borrower and the Bank no withdrawals shall be made from the Loan Account on account of : (i) expenditures prior to the Effective Date ; (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories ; or (iii) any loan by a Participating Bank under the Lending Program exceeding one hundred thousand dollars ($100,000) equivalent unless the prior approval of the Bank to such loan shall have been obtained.

Section 2.04. Withdrawals from the Loan Account pursuant to subparagraph (*a*) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. 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 2.06. The Borrower shall pay interest at the rate of six per cent (6 %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. 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 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 2.08. Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.09. 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. The specific allocation of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, 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. 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 the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower is designated as the authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance of the Borrower may designate additional authorized representatives by appointment in writing.

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, 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 enter into arrangements satisfactory to the Bank with Banco Central providing for the management, administration and disbursement, by Banco Central, of the proceeds of the Loan, through a Special Account to be established and administered by Banco Central on behalf of the Borrower, exclusively for the purposes of the carrying out of the Project. The Borrower and Banco Central shall exercise their rights pursuant to such arrangements in such a manner as to protect the interests of the Bank, the Borrower and Banco Central. Except as the Bank shall otherwise agree, the Borrower or Banco Central shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of such arrangements.

(*c*) The operating policies and procedures in respect of the carrying out of the Project shall be as agreed upon from time to time between the Bank, the Borrower and Banco Central.

Section 5.02. The Borrower and Banco Central shall enter into Subsidiary Loan Agreements with Participating Banks providing for the reimbursement by Banco Central, out of the proceeds of the Loan, of such