No. 8951

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and BRAZIL

Loan Agreement—*Livestock Development Project* (with related letters, annexed Loan Regulations No. 3, as amended, and Project Agreement between the Bank and the Banco Central do Brazil). Signed at Washington, on 23 September 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 30 January 1968.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et BRÉSIL

Contrat d'emprunt — *Projet relatif au développement de l'élevage* (avec lettres y relatives et, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié, et le Contrat relatif au Projet entre la Banque et le Banco Central do Brazil). Signé à Washington, le 23 septembre 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 30 janvier 1968.

No. 8951. LOAN AGREEMENT[1] (*LIVESTOCK DEVELOPMENT PROJECT*) BETWEEN BRAZIL AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 SEPTEMBER 1967

AGREEMENT, dated September 23, 1967, between BRAZIL (hereinafter called the Borrower) 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, mutton and wool production in selected regions in the territories of the Borrower;

WHEREAS the Banco Central do Brasil is willing to act as the Borrower's fiscal agent in the carrying out of such livestock development project; 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 the 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 the Loan Regulations):

(*a*) Sections 3.02 and 4.01 are deleted.

(*b*) The words "and the Project Agreement" are inserted after the words "the Loan Agreement" wherever they occur in Sections 5.06 and 7.02 of the Loan Regulations.

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[1] Came into force on 28 December 1967, upon notification by the Bank to the Government of Brazil.

[2] See p. 104 of this volume.

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

(*a*) the term "Banco Central" means Banco Central do Brasil, an agency of the Borrower, and includes any successor thereto.

(*b*) the term "*Conselho*" means any of the *conselhos* referred to in Section 5.10 of this Agreement.

(*c*) the term "FUNAGRI" means Fundo Geral para a Agricultura e Industria, a special fund established in the Banco Central, *inter alia*, for the purposes of supplying agricultural credit.

(*d*) the term "Project Agreement" means the agreement between the Bank and Banco Central of even date herewith[1] and shall include any amendments thereof made by agreement between the Bank and Banco Central.

(*e*) the term "Subsidiary Loan Agreement" means any of the agreements between Banco Central and a Participating Bank and shall include any amendments thereto made with the approval of the Bank.

(*f*) the term "Participating Bank" means any bank meeting the criteria established by the Banco Central in agreement with the Bank which shall have entered into an agreement with Banco Central on terms and conditions satisfactory to the Bank for the purpose of participating in the carrying out of the Project.

(*g*) the term "Technical Services Fund" means the fund referred to in Section 5.03 (*a*) (ii) of this Agreement.

(*h*) the term "Livestock Loan Fund" means the fund referred to in Section 5.03 (*a*) (i) of this Agreement.

(*i*) the term "Lending Program" means the long-term livestock development loans included in the Project described in Schedule 2 to this Agreement.

Words importing the singular number include the plural number and *vice versa*.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to forty million dollars ($40,000,000).

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.

[1] See p. 104 of this volume.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account the equivalent of a percentage to be agreed upon from time to time between the Borrower and the Bank (*a*) of amounts rediscounted to Participating Banks on account of loans to livestock producers under the Lending Program and (*b*) of the cost of technical services contracted by the National *Conselho* for the purpose of carrying out the Project; provided, however, that no withdrawals from the Loan Account shall be made on account of: (i) expenditures prior to the date of this Agreement; (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; (iii) any loan by a Participating Bank under the Lending Program exceeding two hundred thousand dollars ($200,000) equivalent unless the prior approval of the Bank to such loan has been obtained; or (iv) expenditures for Part A, B or C of the Project until the livestock expert referred to in Section 5.11 of this Agreement in respect of the region corresponding to that Part shall have been employed.

Section 2.04. Withdrawals from the Loan Account shall be made in such 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 from the Loan Account.

Section 2.06. The Borrower shall pay interest at the rate of six per cent (6 %) per annum on the pricipal 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 commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 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 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 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, acting through Banco Central, 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 exclusively in carrying out 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 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 make available the proceeds of the Loan to Banco Central on terms and conditions satisfactory to the Bank. To that effect, the Borrower shall enter into arrangements satisfactory to the Bank with Banco Central. Except as the Bank shall otherwise agree, the Borrower 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 Borrower, acting through Banco Central, and the Bank.

Section 5.02. (*a*) Except as the Bank shall otherwise agree, the Borrower shall (i) enable Banco Central to relend the proceeds of the Loan or the equivalent thereof to Participating Banks and to enter into Subsidiary Loan Agreements satisfactory to the Bank for the purpose, and (ii) cause Banco Central to rediscount, on terms and conditions satisfactory to the Bank, 100% of loans made by Participating Banks to livestock producers under the Lending Program.