
LOAN NUMBER 921 IRE

Loan Agreement

(Livestock Development Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

THE AGRICULTURAL CREDIT CORPORATION, LIMITED

DATED JULY 27, 1973

Public Disclosure Authorized

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LOAN AGREEMENT

AGREEMENT, dated July 27, 1973, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE AGRICULTURAL CREDIT CORPORATION, LIMITED (hereinafter called the Borrower), a company duly established and operating under the laws of Ireland.

WHEREAS (A) At the request of the Borrower, the Central Bank of Ireland has agreed to maintain and operate the Project Account in the manner hereinafter referred to; and

(B) The Bank has agreed to make the Loan to the Borrower on the terms and conditions hereinafter set forth.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions):

(a) Section 5.01 is deleted; and

(b) Section 6.02(i) is amended to read as follows: "Any event specified in paragraph (e) or (f) of Section 7.01 shall have occurred."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Advisory Committee" means the committee to be established in accordance with Section 3.03 of the Guarantee Agreement;

(b) "Associated Banks" means the Bank of Ireland, Allied Irish Banks Limited, Ulster Bank Limited and Northern Bank Limited;

(c) "Central Bank" means the Central Bank of Ireland established under the Currency and Central Banks Acts 1927-1971;

(d) "Farm Development Loan Agreement" means each agreement entered into between a Participating Bank and an individual or association of individuals in accordance with Section 3.03 hereof and "Farm Development Loan" means the loan therein provided for;

(e) "Farm Development Plan" means the plan to be prepared and approved in accordance with paragraph C of Schedule 5 to the Loan Agreement and to be included in the Farm Development Loan Agreement, specifying the development to be carried out by a Project Farmer in accordance with Part A of the Project; and "Farm Development" means such development;

(f) "Full-time farmer" means an individual who, in respect of the twelve months prior to the date of his application for a Farm Development Loan, establishes to the reasonable satisfaction of the Project Director that

(i) he has devoted an aggregate of not less than one thousand four hundred working hours during such period to livestock farming or pig unit operation and has resided on or nearby his place of work for an aggregate of not less than six months; and

(ii) not more than forty-nine per centum of his aggregate income for such period has accrued from or has arisen out of sources other than the Project Farm.

(g) "Livestock unit" means 1,176 pounds liveweight of cattle carried on a Project Farm.

(h) "Participating Bank" means the Borrower and each such Associated Bank as shall have entered into a Participating Bank Agreement;

(i) "Participating Bank Agreement" means each agreement entered into between the Borrower and an Associated Bank in accordance with Section 3.03 hereof;

(j) "Project Account" means the account referred to in Section 2.02 of the Loan Agreement;

(k) "Project Director" means the person to be appointed by the Borrower in accordance with Section 3.02(a) hereof, or, as from January 1, 1980 such successor thereto, if any, as the Borrower may appoint.

(l) "Project Farm" means a livestock farm and/or pig unit to be developed in accordance with a Farm Development Loan Agreement.

(m) "Project Farmer" means an individual or association of individuals who or which has entered into a Farm Development Loan Agreement with a Participating Bank.

(n) "Project Unit" means the unit to be established in accordance with Section 3.02 hereof.

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 twenty five million dollars (\$25,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn by the Central Bank on behalf of the Borrower from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

(b) All amounts of the Loan withdrawn in accordance with subsection (a) hereof shall be credited to a Project Account to be maintained and operated by the Central Bank in the name and on behalf of the Borrower.

(c) At the end of each month the Borrower and, in accordance with the Participating Bank Agreements, each of the other Participating Banks shall submit to the Project Director reimbursement requests in accordance with paragraph E of Schedule 5 hereto in respect of the amounts disbursed by the Participating Banks during such month under Farm Development Loan Agreements and, upon

certification thereof by him, the Project Director shall submit such requests to the Central Bank for application by it on behalf of the Borrower for reimbursement of the percentage of the aggregate of such disbursements to be financed by the Bank in accordance with Schedule 1 hereto. On payment thereof by the Bank to the Central Bank, the Borrower, through the Central Bank, shall reimburse the equivalent of such amount in Irish currency to such Participating Banks out of the Project Account and shall notify the Project Director forthwith of the amount of the reimbursement.

Section 2.03. Except as the Bank shall otherwise agree, the goods and services required for the Project and to be financed out of the proceeds of the Loan shall be procured through regular commercial channels from responsible suppliers.

Section 2.04. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-fourth of one per cent ($7-1/4\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.09. If and when 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 Article VIII of the General Conditions.

Section 2.10. The Secretary of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower shall carry out the Project or cause the Project to be carried out with due diligence and efficiency and in conformity with proper

administrative, financial and agricultural practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. (a) For the purposes of over-all management and coordination in the carrying out of the Project, the Borrower shall, until December 31, 1979 (or such other date as the Bank shall agree), establish and maintain on terms and conditions satisfactory to the Bank a Project Unit which shall be composed of a full time Project Director who shall have the powers and responsibilities specified in Schedule 4 hereto; the Project Director shall be a person acceptable to the Guarantor and shall have qualifications and experience acceptable to the Bank.

(b) The Borrower shall provide the Project Unit promptly as needed with such qualified and experienced supporting staff, facilities and other resources as shall be required for the efficient operation thereof.

Section 3.03. (a) The Borrower shall lend the equivalent in Irish currency of the proceeds of the Loan either:

- (i) to Project Farmers under Farm Development Loan Agreements to be entered into, save as the Bank shall otherwise agree, in accordance with the provisions of Schedule 5 hereto and on such other terms and conditions as shall be satisfactory to the Bank; or
- (ii) to the Participating Banks (other than the Borrower) under Participating Bank Agreements entered or to be entered into between the Borrower and such Participating Banks which shall provide for the relending by such Participating Banks to Project Farmers of the amounts lent under such Participating Bank Agreements in accordance with Farm Development Loan Agreements to be entered into in the manner referred to in sub-paragraph (i) hereof.

(b) The Borrower shall enter into a Participating Bank Agreement with each Associated Bank, substantially in the form of the draft dated May 14, 1973 and hereby agreed by the parties hereto, upon receipt by the Borrower from such Associated Bank of a written request to such effect.

(c) The Borrower shall exercise its rights under the Participating Bank Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, the Borrower shall not assign, or amend, abrogate or waive any of the Participating Bank Agreements or any provisions thereof.

Section 3.04. Except as the Bank shall otherwise agree, the Borrower shall submit to the Bank, for review and prior approval, any Farm Development Loan in excess of Irish pounds 30,000, or which, together with the outstanding balance of all other Farm Development Loans made to the same Project Farmer, shall in the aggregate exceed such amount.

Section 3.05. Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.06. The Borrower: (i) shall maintain, through the Project Director, records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall, without limitation upon the provisions of Section 6.03 of this Agreement, ensure that the Bank's representatives shall be entitled to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents of the Borrower; and (iii) shall furnish to the Bank, through the Project Director, all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

ARTICLE IV

Management and Operations of the Borrower

Section 4.01. The Borrower shall conduct its business and operations in accordance with appropriate agricultural, administrative and financial policies and practices, and under the supervision of competent and experienced management.

ARTICLE V

Financial Covenants

Section 5.01. The Borrower shall maintain records adequate to reflect its operations and financial condition in accordance with proper and consistently maintained accounting practices as applicable in Ireland.

Section 5.02. (a) The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with proper and consistently maintained auditing principles as applicable in Ireland, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any

case not later than three months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

(b) The Borrower and, in accordance with the Participating Bank Agreements, each of the other Participating Banks shall maintain separate accounts and financial statements (balance sheets, statements of income and expenses and related statements) in respect of the Farm Development Loans made by it, for each fiscal year of the Borrower, and shall furnish to the Project Director (i) as soon as available, but in any case not later than three months after the end of each such year, copies of such accounts and statements for such year certified by it and (ii) such other information concerning such accounts and financial statements as the Project Director may from time to time reasonably request.

(c) In addition the Project Director shall maintain accounts and financial statements showing on a monthly basis the amount and application of:

- (i) withdrawals under the Loan and the corresponding withdrawals in Irish currency by the Participating Banks (other than the Borrower) under the Participating Banks Agreement and by the Project Farmers under the Farm Development Loan Agreements;
- (ii) disbursements made by the Participating Banks under the Farm Development Loan Agreements, other than out of the proceeds of the Loan;
- (iii) entitlement of the Project Farmers to investment grants from the Guarantor; and
- (iv) contributions made by the Project Farmers,

and showing on a six monthly basis the principal amount outstanding, together with interest and other charges thereon, of each of the Farm Development Loans.

Section 5.03. (a) The Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any debt except as otherwise disclosed in writing by the Borrower to the Bank.

(b) The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for

any debt, such lien will *ipso facto* equally and ratably, and at no cost to the Bank or the holders of the Bonds, secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

ARTICLE VI

Consultation; Information and Inspection

Section 6.01. The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purpose of the Loan; and

(b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement.

Section 6.03. The Borrower shall enable the Bank's representatives to examine all sites, buildings, property and equipment of the Borrower and any relevant records and documents.

ARTICLE VII

Taxes

Section 7.01. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of the Loan

Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 7.02. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

ARTICLE VIII

Remedies of the Bank

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.03 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 8.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

(a) the Agricultural Credit Acts 1927 to 1972 or the Memorandum and Articles of Association of the Borrower shall have been altered, amended, suspended, revoked or repealed so as, in the judgment of the Bank, to affect materially and adversely the operations or financial condition of the Borrower or its ability to carry out its obligations hereunder;

(b) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would, in the judgment of the Bank, materially and adversely affect the conduct of the Borrower's business or the Borrower's financial condition or the efficiency of the Borrower's management and personnel or the carrying out of the Project;

(c) the Borrower shall have become unable to pay any of its debts as they mature or any action or proceeding shall have been taken by the Borrower

or by others whereby any of the property of the Borrower shall or may be distributed among its creditors;

(d) any of the Participating Banks shall have failed to perform any of their respective obligations under the Participating Bank Agreements so as, in the judgment of the Bank, to affect materially and adversely the carrying out of the Project;

(e) the Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of any of the Participating Banks or for the suspension of their respective operations;

(f) any of the Participating Banks or of the Project Farmers shall have failed to perform any of their respective obligations under the Farm Development Loan Agreements so as, in the judgment of the Bank, to affect materially and adversely the carrying out of the Project; and

(g) an extraordinary situation shall have arisen which shall make it improbable that the Participating Banks or the Project Farmers will be able to perform their respective obligations under the Participating Bank Agreements or the Farm Development Loan Agreements.

Section 8.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) the events specified in paragraphs (a), (b), (d) or (f) of Section 8.02 of this Agreement shall occur and shall continue for a period of 30 days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

(b) any event specified in paragraphs (c) or (e) of Section 8.02 of this Agreement shall occur.

ARTICLE IX

Effective Date; Termination

Section 9.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01(c) of the General Conditions, namely, that:

(a) The Project Unit has been established and the position in the Project Unit of Project Director has been filled in accordance with Section 3.02(a) hereof;

(b) The Advisory Committee has been established and each of the members thereof appointed in accordance with Section 3.03 of the Guarantee Agreement;

(c) Except as the Bank shall otherwise agree, all necessary acts, consents and approvals to be performed or given by the Guarantor, its political subdivisions or agencies or by any agency of any political subdivision or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, together with all necessary powers and rights in connection therewith, have been performed or given.

Section 9.02. The following is specified as an additional matter, within the meaning of Section 11.02(c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that all acts, consents and approvals referred to in Section 9.01(c) hereof together with all necessary powers and rights in connection therewith, have been duly and validly performed or given and that no other such acts, consents or approvals are required in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations contained in the Loan Agreement.

Section 9.03. The date October 29, 1973 is hereby specified for the purposes of Section 11.04 of the General Conditions.

ARTICLE X

Addresses

Section 10.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

For the Borrower:

The Secretary
The Agricultural Credit Corporation, Limited
ACC House
Box Number 111
Dublin 2, Ireland

Cable address:

Box 111
Dublin 2

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ G. B. Votaw
*Director, Country Programs Department
Europe, Middle East and North Africa
Regional Office*

THE AGRICULTURAL CREDIT CORPORATION,
LIMITED

By /s/ B. C. Considine
Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each Category and the percentage of eligible expenditures so to be financed in each Category:

| <i>Category</i> | <i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i> | <i>% of Expenditures to be Financed</i> |
|--|--|---|
| I. Loans for beef breeding, rearing and fattening farms (pasture improvement, buildings, installations, stock and incremental working capital) | 11,000,000 | 66% of Participating Banks disbursements to Project Farmers |
| II. Loans for combined dairy and beef farms (pasture improvement, roads, buildings, equipment, installations and stock) | 10,800,000 | 66% of Participating Banks disbursements to Project Farmers |
| III. Loans for pig breeding units (buildings and equipment, stock and incremental working capital) | 1,800,000 | 66% of Participating Banks disbursements to Project Farmers |
| IV. Loans for pig fattening units (buildings and equipment and incremental working capital) | 900,000 | 66% of Participating Banks disbursements to Project Farmers |
| V. Unallocated | 500,000 | |
| TOTAL | <u>25,000,000</u> | |

Provided always that if the investment grant program of the Guarantor in effect at the date hereof shall be discontinued or terminated, or shall be amended in a manner materially and adversely affecting the entitlement of Project Farmers

thereunder, the percentages specified in the third column of the table set out above shall, as from the date upon which any such event shall occur, be reduced to 57% or such other percentage as the Bank and the Participating Banks may agree.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of expenditures prior to the date of this Agreement; or

(b) in respect of payments for taxes imposed under the laws of the Guarantor or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Loan will be withdrawn on account of payments for such taxes.

3. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Bank, at the request of the Borrower, to such Category from the unallocated amount of the Loan, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of any other expenditures; and

(c) if the Bank shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Loan and the Bank may, without in any way restricting or limiting any other right, power or remedy of the Bank under

the Loan Agreement, by notice to the Borrower, cancel such amount of the Loan as in the Bank's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Loan.

SCHEDULE 2**Description of the Project**

The Project is part of the program of the Guarantor for the development of livestock production in Ireland and is directed towards the small scale farm sector. It consists of the following:

PART A.

The development by Project Farmers of:

- (a) beef breeding farms, beef rearing and fattening farms and combined beef and dairy farms currently estimated to increase the aggregate annual output thereof by the completion of such development by approximately 14,000 tons of beef and
- (b) pig breeding units and pig fattening units currently estimated to increase the aggregate annual output thereof by the completion of such development by approximately 7,500 tons of pigmeat

including in each case pasture improvement and drainage, fence erection, farm building construction, equipment installation and stock provision; and

PART B.

The provision for the purposes of Part A of the Project by the Participating Banks to Project Farmers of investment and working capital loans, together with technical assistance, including appraisal, supervision and extension services.

* * *

The Project is expected to be completed by June 30, 1977.

SCHEDULE 3

Amortization Schedule

| <i>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars)*</i> |
|-------------------------|---|
| November 1, 1978 | 1,010,000 |
| May 1, 1979 | 1,045,000 |
| November 1, 1979 | 1,085,000 |
| May 1, 1980 | 1,125,000 |
| November 1, 1980 | 1,165,000 |
| May 1, 1981 | 1,205,000 |
| November 1, 1981 | 1,250,000 |
| May 1, 1982 | 1,295,000 |
| November 1, 1982 | 1,340,000 |
| May 1, 1983 | 1,390,000 |
| November 1, 1983 | 1,440,000 |
| May 1, 1984 | 1,495,000 |
| November 1, 1984 | 1,545,000 |
| May 1, 1985 | 1,605,000 |
| November 1, 1985 | 1,660,000 |
| May 1, 1986 | 1,720,000 |
| November 1, 1986 | 1,785,000 |
| May 1, 1987 | 1,840,000 |

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05(b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

| <i>Time of Prepayment or Redemption</i> | <i>Premium</i> |
|---|----------------|
| Not more than three years before maturity | 1-1/4% |
| More than three years but not more than six years before maturity | 2-1/2% |
| More than six years but not more than eleven years before maturity | 4% |
| More than eleven years but not more than thirteen years before maturity | 6% |
| More than thirteen years before maturity | 7-1/4% |

SCHEDULE 4**Powers and Responsibilities of the
Project Director**

The Project Director, in addition to the powers and responsibilities specifically provided for elsewhere in this Agreement and the Participating Bank Agreements, shall:

1. use his best endeavors to encourage participation by Participating Banks and Project Farmers in the Project and to promote and implement the objectives thereof;
2. from time to time inform the Advisory Committee as to the progress of the Project and, where he shall consider appropriate, seek its advice on matters of general policy;
3. be responsible for the overall management of the Project;
4. supervise the carrying out of Part A of the Project by the Project Farmers in conjunction with the Participating Banks;
5. co-ordinate and monitor the carrying out of Part B of the Project by the Participating Banks;
6. prior to his first approval of an application for a Farm Development Loan, formulate suitable guidelines on terms and conditions satisfactory to the Bank and to the Guarantor for the preparation by Project Farmers (assisted by the agricultural advisors referred to in Section 2.04 of the Guarantee Agreement) of Farm Development Plans, for the appraisal by the agricultural officers of the Participating Banks of such Farm Development Plans and of applications for Farm Development Loans, and for the supervision thereof by such officers; such guidelines should specify the matters to be included in the Farm Development Plan, including the eligibility, technical, economic and financial criteria to be satisfied;
7. prepare a training program for the agricultural advisors and officers referred to in paragraph 6 hereof and co-operate with the Participating Banks in its implementation;
8. approve or disapprove on the basis of the guidelines referred to in paragraph 6 hereof applications by Project Farmers to the Participating Banks for Farm Development Loans; assist the Participating Banks in making application for

refinancing of the Farm Development Loans out of the proceeds of the Loan; and approve such applications on behalf of the Borrower;

9. visit a sample of Project financed farms at intervals to determine progress;

10. periodically evaluate the impact of the lending program and for such purposes establish and maintain records of a sample of Project financed farms; and

11. prepare quarterly and annual progress reports in a manner satisfactory to the Bank for submission to the Bank.

SCHEDULE 5**Lending and Operating Policies and Procedures
of Participating Banks in Respect of
Farm Development Loans****A. Purpose and Source**

The Participating Bank shall make Farm Development Loans for the assistance of eligible applicants in carrying out Part A of the Project, such Farm Development Loans to be made, save as the Bank shall otherwise agree (or as determined in accordance with the *proviso* to paragraph 1 of Schedule 1 hereto), as to 66% thereof out of the proceeds of the Loan and as to the balance thereof out of its own resources or out of resources otherwise made available to it.

B. Eligibility

1. In order to qualify for the granting of a Farm Development Loan, each applicant shall show to the satisfaction of the Participating Bank:

- (i) that he meets all credit worthiness criteria that shall be reasonably established from time to time by it;
- (ii) that he is entitled to the exclusive and uninterrupted possession of the land (other than any rights not prejudicial to the carrying out of the Farm Development) to which the application relates either as owner in fee simple, or as tenant under a lease having a term expiring not earlier than the final amortization maturity date provided for in the Farm Development Loan Agreement or as tenant for life.

2. No applicant for a Farm Development Loan for development of a combined beef and dairy farm shall be eligible therefor unless, in the opinion of the Project Director, the estimated gross income arising from the sale of cattle in each fiscal year following completion of such development during the continuance of the Farm Development Loan Agreement will be not less than 50% of the estimated gross income arising in such fiscal year from the combined beef and dairy operations of such farm.

3. No applicant for any Farm Development Loan shall be eligible therefor unless he shall establish to the reasonable satisfaction of the Project Director, by the

submission of a written statement and of such other evidence as the Project Director may request, that

- (i) he is a full-time farmer or in the event of an applicant association that such association is comprised of full-time farmers; and
- (ii) either
 - (a) the number of livestock units or pigs carried or pig places on the Project Farm prior to the commencement of the Farm Development does not exceed 120 livestock units in the case of a beef breeding or beef rearing and fattening farm, 70 livestock units in the case of a combined beef and dairy farm, 75 sows (including replacements) in the case of a pig breeding unit, or 500 pig places in the case of a pig fattening unit;
 - or
 - (b) in the event that the Farm Development comprises the development of two or more of such cases of farm and/or pig unit, the aggregate of the percentages that the actual number of livestock units or pigs so carried or pig places for each such case bears to the maximum relating thereto as hereinbefore provided does not exceed one hundred.

C. Loan Applications

At the request of each applicant the Participating Bank may, either directly or through the Project Director, make arrangements for the agricultural advisors referred to in Section 2.04 of the Guarantee Agreement to assist such applicant in the preparation in accordance with the guidelines prepared by the Project Director of a Farm Development Plan. Upon submission thereof to the Participating Bank, the Farm Development Plan shall be appraised, by qualified and experienced agricultural officers to be provided by the Participating Bank and upon acceptance by the Participating Banks shall be submitted by it to the Project Director for approval by him and, where so required by Section 3.04 of the Loan Agreement, by the Bank.

D. Terms and Conditions to be included in each Farm Development Loan Agreement

1. The Participating Bank shall agree to lend to the Project Farmer for the purpose of the Farm Development the estimated cost thereof (including the cost

of fixed investment) less such contribution thereto as shall be made by the Project Farmer in accordance with paragraph 2 hereof and such investment grants as may be made by the Guarantor.

2. The Participating Bank shall ensure that Project Farmers shall, on an average, contribute 20% (in cash or in kind) of the estimated cost of the Farm Development out of his own resources.

3. The Farm Development Loan Agreement shall specify in detail the development to be carried out thereunder by the Project Farmer, as set out in the Farm Development Plan, and shall set forth the categories of expenditures (grouped according to homogenous classes of goods and services) to be incurred in respect thereof and the application to such expenditures of the said Farm Development Loan, the contributions to be made by the Project Farmer and the investment grants expected to be provided by the Guarantor and the amount of short-term loans to be provided in accordance with paragraph F of this Schedule.

4. The outstanding principal amount of each Farm Development Loan shall (a) be repaid over such period, in the case of pig farms, not being less than 8 years (except in cases where the Project Farmer should desire to repay) or more than 10 years from the date of the Farm Development Loan Agreement and, in the case of beef farms, not being less than 10 years (except as aforesaid) or more than 12 years from such date including in all cases a period of grace of not less than 2 years but not more than 4 years; and (b) bear interest at a rate of not less than 9-3/4% per annum.

5. Unless the Bank shall otherwise agree, each Farm Development Loan Agreement shall be made on terms whereby the Participating Bank shall obtain, by written agreement or by other appropriate legal means, rights adequate to protect the interests of the Participating Bank and rights which the Bank shall deem adequate to protect the interests of the Bank, including: (i) the right to require the Project Farmers to carry out and operate the Farm Development Plan with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the Farm Development Loan shall be used exclusively in the carrying out of the Farm Development Plan; (iii) the right to inspect such goods and the farms, sites, works and construction included in the Farm Development Plan, the operation thereof and any relevant records and documents; (iv) the right to obtain all such information as shall be reasonably requested relating to the foregoing and to the administration, operations and financial condition of the Project Farmers; and (v) the right of

the Project Director to suspend and terminate access by the Project Farmer to the use of the proceeds of the Farm Development Loan upon failure by the Project Farmer to perform his obligations under his agreement with the Participating Bank.

E. Requests for Reimbursement out of the Project Account.

1. The Participating Banks shall disburse to the Project Farmers the amount of the Farm Development Loans in the manner provided for in the Farm Development Loan Agreements. Each Participating Bank shall submit to the Project Director a statement (a) at the end of the month in which the Participating Bank shall first enter into a Farm Development Loan Agreement, and of each subsequent month, the aggregate disbursements made by it to Project Farmers in such month together with a request, supported by appropriate evidence, for reimbursement out of the Project Account of the percentage of such disbursements to be financed by the Bank out of the proceeds of the Loan either directly in the case of Farm Development Loans made by the Borrower, or through the Borrower in the case of Farm Development Loans made by the other Participating Banks; and (b) at the end of the period of six months ending on April 30 or October 31 next following the end of such month, and of each subsequent period of six months, the outstanding principal amount of each Farm Development Loan made by the Participating Bank, together with interest and other charges thereon.

2. The statement referred to in paragraph 1(a) above shall in addition specify the value of the contribution (in cash or in kind) made in such month by the Project Farmer out of his own resources.

F. Short Term Loans

The Participating Banks shall in addition make available to each Project Farmer on terms and conditions applicable from time to time to similar advances, such short term loans for working capital, including incremental working capital, and for incremental operating expenses as provided in the Farm Development Plan.

G. Supervision

1. The Participating Banks shall require that all monies lent under the Farm Development Loan Agreements are applied exclusively to expenditures made for the purpose of Part A of the Project.

2. The Participating Banks shall ensure that the farms where the Farm Development is being carried out are regularly visited and shall supervise the due performance by the Project Farmers of the provisions of the Farm Development Loan Agreements.