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A.I.D. Loan No. 59

Conformed

L O A N   A G R E E M E N T

(Uganda: Uganda Development Corporation Limited)

BETWEEN THE

GOVERNMENT OF UGANDA

AND THE

AGENCY FOR INTERNATIONAL DEVELOPMENT

Dated: This 4th day of October, 1963

LOAN AGREEMENT, dated the 4th day of October, 1963, between the GOVERNMENT OF UGANDA ("GOU") and the AGENCY FOR INTERNATIONAL DEVELOPMENT ("AID"), an agency of the Government of the United States of America.

1. Loan. AID hereby agrees to lend GOU an amount not to exceed Two Million United States dollars (\$2,000,000) ("Loan") to be loaned by GOU to the UGANDA DEVELOPMENT CORPORATION, LIMITED ("UDC"), pursuant to an agreement ("GOU-UDC Agreement") between GOU and UDC, to be available to UDC to make Sub-Loans to private enterprises or enterprises controlled by UDC ("Sub-Borrower"), to finance United States dollar costs of equipment, materials, and services ("Eligible Items") for Projects in Uganda in categories of industrial, agricultural and other activities approved by AID ("Approved Categories"). Disbursements of this Loan shall be made in accordance with paragraph 3 of the GOU-UDC Agreement.

2. Payment.

2.1. Repayment of Loan. GOU shall repay the Loan to AID in United States dollars in thirty-one equal annual installments, the first such installment to be paid nine years and six months after the due date of the first credit fee payment referred to in 2.2 below.

2.2. Credit Fee. GOU shall pay to AID, in United States dollars, a credit fee of three-quarters of one per cent (3/4%) per annum on the outstanding balance of the Loan, such credit fee to be payable on a date to be specified by AID, no later than six months after the first disbursement of the Loan hereunder ("First Disbursement Date") and semi-annually thereafter, and to be computed on the basis of a 365-day year.

2.3. Disbursement of Less than Full Amount of Loan. If it is determined by AID that less than the full amount of the Loan has been or will be disbursed, AID shall have the right to receive the installments referred to in 2.1 above until the outstanding Loan Principal has been repaid.

2.4. Prepayment. GOU shall have the right at any time or from time to time to prepay, without penalty, all or any part of the outstanding Loan Principal and the credit fee accrued thereon to the date prepayment is made, any such prepayment to be credited to the remaining installments of outstanding Loan Principal in the inverse order of their maturity.

2.5. Application of Payments; Unpaid Credit Fee. All payments to AID hereunder, except refunds, shall first be applied to accrued credit fee and then to outstanding Loan Principal. Any credit fee not paid when due shall be deemed part of the outstanding balance of the Loan and shall be subject to the accrual of credit fee until paid.

2.6. Place of Payment. All payments shall be to the Controller, Agency for International Development, Washington 25, D. C., and shall be deemed to be paid when received by AID at Washington, D. C.

3. Conditions Precedent. Except as AID may otherwise agree in writing, there shall be furnished to AID within two months of the date of execution hereof, as conditions precedent to the issuance of a letter of commitment or disbursement hereunder, in form and substance satisfactory to AID;

3.1. A legal opinion of the Minister of Justice, of the GOU or other counsel satisfactory to AID with respect to the matter in 4.1 below.

3.2. An executed copy of the GOU-UDC Agreement which shall, in addition to such other provisions as AID may require, include, without limitation, provisions to the effect that:

3.2.1. UDC shall repay the Loan to GOU within fifteen (15) years of the First Disbursement Date, in equal annual installments, with a grace period of up to three (3) years in East African Shillings or such other currency as at the time payment is made is legal tender in Uganda ("Uganda Currency") at rate of exchange satisfactory to AID; interest on Loan shall be four per cent (4%) per annum payable semi-annually by UDC to GOU.

3.2.2. The term of Sub-Loans shall be a minimum of three (3) and maximum of fifteen (15) years; the maximum and minimum interest on Sub-Loans shall be eight (8%) and four (4%) per cent per annum respectively.

3.2.3. Unless required by statute, the UDC shall not without the prior written approval of AID, which UDC shall obtain through the GOU and which approval AID shall not unreasonably withhold:

3.2.3.1. Issue any stock,

3.2.3.2. Incur any indebtedness, other than in the ordinary course of business,

3.2.3.3. Lease, transfer or otherwise dispose of any of its assets whether pursuant to any merger, consolidation or otherwise, other than in the ordinary course of business, or alter the nature of its business.

3.2.4. The UDC shall not without the prior written approval of AID make Sub-Loans or series of related Sub-Loans utilizing \$100,000 or more of AID funds. Such written approval shall not be unreasonably withheld by AID and shall be obtained through the GOU.

3.2.5. That UDC is subject to 1 above and 6 below; that UDC will designate a representative to deal with AID with respect to this Loan Agreement and the GOU-UDC Agreement, to the extent applicable, and as provided in 4.4. below, and that if the management of UDC is not satisfactory to AID, then AID after consultation with the GOU and UDC may, at its option, resort to the appropriate remedies in 6.1 below.

3.2.6. Text of provisions for GOU-UDC Agreement attached.

3.3. A list of Approved Categories, which may be amended from time to time upon AID approval in writing.

3.4. A certified specimen of the signature of the representatives referred to in 3.2.5. above and 7.1 below.

3.5. AID may terminate this Loan Agreement, if such conditions are not met within the time provided in this section 3, or such other date as AID may agree to in writing.

#### 4. Warranty; Special Covenants.

4.1. GOU warrants, represents and agrees that all necessary actions under law with respect to this Loan Agreement and the GOU-UDC Agreement, including any authorization or ratification, have or shall have been taken prior to the First Disbursement Date, and that this Loan Agreement and the GOU-UDC Agreement shall then constitute valid and binding obligations of GOU, and so far as GOU is aware, UDC, in accordance with their respective terms.

4.2. GOU covenants and agrees that it will enforce all its rights, and that it shall not cause or permit UDC to fail to perform its duties under the GOU-UDC Agreement and that said agreement shall not be changed or modified except upon the prior written approval of AID.

4.3. GOU covenants and agrees that it shall not without AID approval, which approval shall not be unreasonably withheld, transfer any stock or shares in UDC with the exception that GOU may transfer up to 11,000,000 of shares to Kingdom Governments or Regional Administrations as provided for under Section II (6) of the Uganda Development Corporation Ordinance, 1952 (Ordinance No. 1 of 1952).

4.4. GOU agrees that AID may deal directly with UDC with respect to any matters within contemplation of this Loan Agreement or the GOU-UDC Agreement with respect to which in the opinion of AID such direct dealing is appropriate.

5. Miscellaneous.

5.1. Any banking charges incurred in connection with disbursements hereunder shall be for the account of UDC and may be financed by the Loan. The first letter of commitment to be issued hereunder shall be in the amount of \$500,000.

5.2. Except as AID may otherwise agree in writing, no letters of commitment shall be issued in response to requests received after October 1, 1966, and no disbursement, whether under a letter of commitment or otherwise, shall be made against documentation submitted after March 1, 1967.

5.3. GOU shall cooperate with AID in making information concerning the Loan public.

5.4. This Loan Agreement shall be free from, and the principal of, and credit fee on, the Loan, and promissory notes referred to in 5.6.

below, if any, shall be paid without deduction for and free from, any taxation or fees imposed under the laws of GOU or in effect in its territory.

5.5. GOU warrants and covenants that (i) no commissions, fees, or other payments of any kind (other than regular compensation to its full-time officers and employees or for bona fide professional, technical, or comparable services) have been or will be paid to any person or entity in connection with any presentation, application or negotiation incident to obtaining the Loan, or any action under this Loan Agreement, (ii) it shall immediately report to AID any such payment, or agreement to pay, for such bona fide services, (iii) if any such payment or agreement is deemed unreasonable by AID, it shall adjust such payment or agreement in a manner satisfactory to AID and (iv) any agreement for such payment, whether existing or hereinafter entered into shall to the extent legally possible, be subject to the provisions of this section.

5.6. GOU agrees to deliver within thirty (30) days after the date of any request of AID therefore, promissory notes to or on the order of AID in such denominations and aggregate principal amount specified in such request not exceeding, however, the aggregate amount of the outstanding balance of the Loan at the time of such request and for which promissory notes shall not theretofore have been so delivered or requested. The terms of the notes shall conform to the terms of this Loan Agreement with such modifications in form and substance as AID may reasonably request. GOU shall also furnish AID with such legal opinions or opinion with respect to such promissory notes as AID may reasonably request.

6. Remedies of AID

6.1. The occurrence of any of the following events shall be deemed to be an Event of Default, entitling AID, in its option, to (i) decline to issue further letters of commitment, (ii) suspend or cancel outstanding letters of commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit and through bank payments made other than under irrevocable letters of credit, giving notice to GOU and UDC promptly thereafter, and (iii) decline to make disbursements other than under letters of commitment:

- 6.1.1. Failure by GOU to make full payment of any installment of principal or payment of credit fee when due, or of any other payments required under this Loan Agreement; provided, that AID may, on the basis of any such default, exercise any of its options under 6.1, or accelerate the Loan as provided in 6.2 below, only while such failure continues;
- 6.1.2. A breach on the part of GOU in the performance of any other covenant or agreement under this Loan Agreement or a breach on the part of either GOU or UDC of any covenant or agreement under the GOU-UDC Agreement;
- 6.1.3. Determination that any representation or warranty made by or on behalf of the GOU or the UDC in obtaining the Loan, in, or pursuant to this Loan Agreement or the GOU-UDC Agreement is incorrect or incomplete in a material respect;

6.1.4. A default shall have occurred under any agreement between GOU and the United States of America or any of its agencies;

6.1.5. An event which AID determines to be an extraordinary situation which makes it improbable that (i) GOU will be able to perform its obligations under this Loan Agreement or the UDC its obligations under the GOU-UDC Agreement or (ii) the Loan will be consistent with the purposes of the legislation governing AID.

6.2. Upon the occurrence of any of the Events of Default referred to in 6.1.1. through 6.1.3., AID, at its option, may declare all or any part of the outstanding balance of the Loan to be due and payable immediately, and upon any such declaration such balance and all credit fee accrued thereon shall become so due and payable immediately; provided, however, that AID shall not require such payment if such Event of Default is cured within thirty (30) days of such declaration.

6.3. No delay in exercising or omission to exercise, any right, power or remedy accruing to AID under this Loan Agreement shall be deemed a waiver thereof.

6.4. GOU shall pay to AID in United States dollars, within thirty (30) days after receipt of a request therefor, the amount of

6.4.1. any disbursement hereunder that AID determines is (i) not supported by valid documentation, (ii) not made or used in accordance with the terms of this

Loan Agreement or the GOU-UDC Agreement, or (iii) in violation of the legislation governing AID or

6.4.2. any insurance proceeds not used to replace that equipment or materials for which such proceeds are paid;

provided that such request by AID shall be made not later than five (5) years after the date of such disbursement, or as the case may be, notice of the payment of such proceeds is received by AID. AID shall reduce the outstanding balance of the Loan by the amount of any such payment upon receipt thereof.

7. Miscellaneous.

7.1. GOU hereby designates the Secretary to the Treasury as its representative hereunder, and hereby authorizes such representative to (i) perform or take all actions required of, or authorized to be performed by GOU hereunder, (ii) agree to any amendment of this Loan Agreement which does not substantially increase GOU's obligations hereunder, and (iii) designate in writing other representatives of GOU hereunder, such designation of any such representative to be effective upon receipt thereof and a certified specimen of the signature of such other representative by AID, and AID may accept the signature on any instrument, or other action, of any such named or designated representative as conclusive evidence that any action effected by such instrument or otherwise is authorized by GOU, until receipt by AID of written notice of revocation or, as the case may be, modification by GOU of such authority of such representative.

7.2. This Loan Agreement shall be binding upon and inure to the benefit of any successor or assignee of AID. This Loan Agreement may not be assigned nor any obligations hereunder delegated by UDC or GOU without the written consent of AID.

7.3. This Loan Agreement shall be deemed to be a contract made under, and shall be governed by and construed in accordance with, the laws of the District of Columbia, United States of America.

7.4. Any notice, request or communication given, made or sent by GOU or AID pursuant to this Loan Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such other party at the following respective addresses:

TO GOU:

Mail Address:

Secretary to the Treasury  
P.O. Box 103  
Entebbe, Uganda

Cable Address:

FINSEC Entebbe

TO AID:

Mail Address:

Agency for International Development  
Department of State  
Washington 25, D.C.  
Attn: AFE/CDF

Cable Address:

AID  
Washington, D.C.

Other addresses may be substituted for, or reasonably added to, the above upon the giving of notice as prescribed therein.

7.5. All communications and documents submitted to AID or any other agency of the United States hereunder shall be in English, and all financial data and technical and engineering specifications therein in terms of United States standards, unless AID agrees otherwise. Two (2) copies of every such communication and document shall be submitted to AID at its Washington address, and one (1) copy thereof to the USAID/Uganda. There shall be submitted such reasonable additional number of copies thereof, including copies in the language of the original, and to such addresses as AID may request.

8. Renegotiation of Loan Agreement. GOU agrees that it shall at any time or times when it is requested to do so by AID, but not sooner than nine years and six months after the First Disbursement Date, negotiate with AID acceleration of the maturity of the Loan. It is agreed that the parties will mutually determine to what extent such maturity should be accelerated on the basis of one or more of the following criteria:

8.1. Significant improvement in the internal economic and financial situation of Uganda;

8.2. Favorable trends in the balance of payments and foreign exchange holdings of Uganda;

8.3. Ability of Uganda to make future payments on AID loans without interfering with the service of debts owing to any United States

Government agency or any international organization of which the United States is a member.

IN WITNESS WHEREOF, GOU and AID have executed this Loan Agreement as of the date first above written.

GOVERNMENT OF UGANDA

By /s/ G.S. Ibingira

AGENCY FOR INTERNATIONAL DEVELOPMENT

By /s/ Newman Jeffrey

PROVISIONS FOR GOU-UDC AGREEMENT

1. Covenants. UDC covenants and agrees that it shall:

- 1.1. Make Sub-Loans for, and use its best efforts to cause the Projects, referred to in 1. of the Loan Agreement between the Agency for International Development, an agency of the Government of the United States of America ("AID") and the Government of Uganda dated \_\_\_\_\_, ("Loan Agreement.") to be carried out and completed with due diligence and efficiency, in conformity with sound engineering, construction and financial practices, including, with limitations, such requirements as AID may attach to any approval pursuant to 3.2.4. of the Loan Agreement, and under the supervision of experienced and qualified management.
- 1.2. Cause all Eligible Items, as defined in 1. of the Loan Agreement, to be used exclusively for the Projects; provided, that in the case of any Eligible Items which are not fully expended through their use for any such Project, this provision shall apply until such time as such Eligible Items can no longer be usefully employed for such Project; and provided further, that no such Eligible Items shall be exported from Uganda without the prior written approval of AID.

- 1.3. Cause to be insured, in the manner and as required by sound commercial practice in Uganda, equipment and materials financed under the Loan Agreement against risks incident to their transit to the point of their use in the Projects. Any proceeds of such insurance shall be payable in United States dollars, and the insured shall give written notice to AID of the payment of any such proceeds. In the event such proceeds are used to replace such equipment and materials, such equipment and materials shall be of a source and origin authorized by 4.5 below and otherwise subject to the same provisions hereof as the equipment and materials replaced, unless AID agrees otherwise in writing. UDC in its agreements with Sub-Borrowers shall reserve the right to have any such proceeds paid to AID, in the event they are not so used within six months (or such lesser time as the UDC specifies) of their receipt.
- 1.4. Cause the Projects to be insured with financially sound and reputable insurance companies against loss or damage in such manner and to the same extent as shall be in accordance with good commercial practice with regard to property and businesses of like character in comparable circumstances in Uganda.
- 1.5. Maintain its existence and right to carry on operations and take all steps necessary to maintain and renew all rights, powers, privileges, concessions and franchises which are necessary and materially useful in the conduct of its business.

- 1.6. Conduct any transactions with its directors, officers, public shareholders, if any, affiliates, and employees in accordance with law and good commercial practice in Uganda. Compensation to directors, officers and employees shall not exceed reasonable limits.
- 1.7. Insert in Sub-Loan (referred to in 1. of the Loan Agreement) agreements, appropriate covenants to ensure compliance by Sub-Borrowers with the Loan Agreement, and the provisions of this GOU-UDC Agreement, to the extent applicable.
2. Warranties and Representations. UDC warrants, represents, and agrees that as of the date of execution hereof:
  - 2.1. UDC is a validly existing corporation, organized under the Uganda Development Corporation Limited Ordinance of June 1952, and that such ordinance is in full force and effect.
  - 2.2. All necessary actions under law with respect to this GOU-UDC Agreement, including any authorization or ratifications, have or shall have been taken prior to the First Disbursement Date under the Loan Agreement; and that this GOU-UDC Agreement shall then constitute a valid and binding obligation of the UDC in accordance with its terms.
  - 2.3. UDC has furnished AID with its financial statements as of December 31, 1961, that they are complete and accurate, that they have, to the best of its knowledge and belief, been prepared in conformity with accounting principles generally

accepted in Uganda, and that since December 31, 1961 there has been no material adverse change in the business prospects or condition financial or otherwise of UDC, as reflected in such statements; that the UDC has not incurred, nor will it incur, unless required by statute, any liabilities or obligations, direct or contingent, except as a result of operations in the ordinary course of business; and that UDC has not sustained any loss or damage (whether or not insured) to its properties which affects materially the value of its properties or interferes materially with the conduct of its business.

- 2.4. There are no actions or proceedings pending, or to its knowledge threatened, against or affecting UDC at law or in equity or before any governmental agency or other regulatory authority which involve any substantial risk of a judgment or liability which could have a materially adverse effect upon the financial condition or the business of UDC.
- 2.5. To the best of its knowledge and belief, it is not and will not be in violation of any law or regulations, and that no transaction contemplated by this Loan Agreement will place it in such violation, and that it is otherwise authorized to carry on the transactions contemplated by this Loan Agreement.
- 2.6. To the best of its knowledge and belief, there is no material adverse circumstances affecting the transactions contemplated by this Loan Agreement.

2.7. To the best of its knowledge and belief, no statement or representation made by UDC to AID in connection with this Loan Agreement or UDC's application to AID, or its predecessor the Development Loan Fund, contains or contained any untrue or misleading statement of a material fact or omits or omitted to state a material fact necessary in order to make such a statement not misleading.

3. Letters of Commitment; Other Disbursements; Terminal Dates; Other Currency Costs.

3.1. UDC may from time to time request AID to issue letters of commitment, in such amounts as UDC and AID shall agree to, to one or more banks in the United States designated by UDC, committing AID to make reimbursement to such bank, or banks, for payments made, through letters of credit or otherwise, to UDC or any designee of UDC, pursuant to AID documentation, as the same may be prescribed by AID from time to time in such letters of commitment. Any banking charges incurred in connection with disbursements hereunder shall be for the account of UDC and may be financed by the Loan. The first such letter of commitment shall be in the amount of \$500,000.

3.2. Disbursement of the Loan may also be made through such other means as are satisfactory to AID.

3.3. Except as AID may otherwise agree in writing, no letters of commitment shall be issued in response to requests received

after the 1st day of October 1966 and no disbursement, whether under a letter of commitment or otherwise, shall be made against documentation submitted after the 1st day of March 1967.

4. Covenants Concerning Procurement. UDC covenants that:

- 4.1. No Eligible Items shall be financed by the Loan which arise out of orders or contracts firmly placed or entered into prior to August 16, 1962.
- 4.2. No more than a reasonable price shall be paid for any Eligible Item. Such reasonable price shall normally approximate the lowest competitive price, quality, time and cost of delivery, terms of payment and other factors considered. Prices for equipment and materials which are purchased in bulk within the United States shall not exceed the market price prevailing in the United States at the time of purchase and prices for the same which are purchased in bulk outside the United States, if such purchases are authorized in this Loan Agreement, shall be lower than such United States market prices, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.
- 4.3. Equipment, material and construction services financed by the Loan shall be procured on a competitive basis, unless AID agrees otherwise.
- 4.4. In order that American small business shall have the opportunity to participate in furnishing Eligible Items, UDC shall

cause to be received by AID, at such time as AID may specify prior to the time of ordering or contracting for any Eligible Items costing more than the equivalent of Five Thousand United States dollars (\$5,000), such information as AID may require, unless AID agrees otherwise in writing.

- 4.5. The source and origin, as defined below, of Eligible Items shall be as follows:

All Eligible Items shall be of United States source and origin, except as provided otherwise with respect to marine insurance in 4.12 below,

except as AID shall otherwise agree in writing.

- 4.6. "Source" of equipment or materials shall mean the country or area from which such equipment or materials are shipped to Uganda; except where such equipment or materials are shipped from a free port or bonded warehouse in the form in which received therein, in which case "source" shall mean that country or area from which such equipment or materials were shipped to such free port or bonded warehouse. "Origin" of equipment or materials shall mean the country or area in which such equipment or materials were mined, grown, or, as the case may be, produced. An item of equipment or materials is produced when through manufacturing, processing or substantial major assembling of components, a commercially recognized new item

results that is substantially different in basic characteristics or in purpose or utility from its components.

- 4.7. "Source and origin" of services shall (i) in the case of services performed by a corporation or other entity, mean the country or area under whose laws such corporation or other entity is organized and (ii) in the case of services performed by an individual or entity not deemed to be organized under any such laws, mean that country or area which is the place of residence of such individual, or as the case may be, of the person or persons owning or otherwise controlling the largest interest in such entity. (If any such person is a corporation or other entity, the rules in (i) or as the case may be (ii) shall be applied to such person to the extent necessary in making the determinations called for by (ii)).
- 4.8. "Source and origin" of transportation services shall (i) in the case of a vessel or airplane be deemed to mean its flag (area or country which is the place of registry thereof) and (ii) in the case of any other medium of transportation, the area or country of the corporation, entity or individual performing the services, as determined under 4.7 above.
- 4.9. UDC covenants that all equipment, materials and services not financed by AID utilized for Projects shall have as their source and origin Uganda or a country or area included in AID Geographic Code 899 as in effect at the time such equipment,

materials or services are firmly ordered or otherwise contracted for, and that no Eligible Item shall at any time be used to promote or assist any project or activity associated with or financed by an area or country not included in AID Geographic Code 899 (other than Uganda) without the prior written approval of AID.

- 4.10. No Eligible Items shall be financed by the Loan which are (i) shipped on a transportation medium whose source and origin is other than Uganda or a country included in AID Geographic Code 899, as in effect at the time of shipment, or (ii) shipped from any United States port on any ocean vessel (a) which AID, in a notice to UDC has designated as ineligible to carry AID-financed commodities or (b) which has been chartered for the carriage of AID-financed commodities unless such charter has been approved in advance by AID.
- 4.11. At least fifty per cent (50%) of the gross tonnage of all equipment and material (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by the Loan which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels. Such fifty per cent (50%) shall be computed on the basis of the entire Loan and not on the basis of each Sub-Loan. Determinations

that United States-flag commercial vessels are not so available must be approved by AID. UDC shall submit to AID within two months after the end of each fiscal quarter, referred to in 5.2. below, two completed and executed copies of the Borrower's Shipping Statement, in the form attached hereto or such other form as AID may furnish UDC.

4.12. Marine insurance may be financed by the Loan, provided that such insurance is placed in Uganda or a country included in AID Geographic Code 899 at the time of placement and is placed at the lowest available competitive rate; provided further, however, that if in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the Government by statute, decree, rule, regulation or administrative action favors any insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, equipment and materials financed by the Loan shall during the continuance of such discrimination be so insured in the United States with a company or companies authorized to do marine insurance business in any state of the United States of America.

5. Publicity, Records, Reports and Audit; Other.

5. 1. UDC shall make appropriate arrangements with respect to signs at Project sites and marking

of equipment and materials financed by the Loan in accordance with the usual AID requirements.

- 5.2. UDC shall promptly furnish to AID, or its authorized representative, such reports and information relating to the Loan and this Loan Agreement as AID may reasonably request, including, (i) annual reports of the UDC to be sent by airmail within three months after the end of UDC's fiscal year, or such other date as UDC shall from time to time give notice of to AID, and (ii) quarterly reports of the UDC to be sent by airmail within forty-five days after the end of each fiscal quarter, such annual and quarterly reports to be made and such annual reports to be certified by an auditor acceptable to AID in accordance with instructions furnished by AID. UDC shall maintain records and documents pertaining to the Loan and this Loan Agreement, in accordance with accounting principles generally accepted in Uganda, and shall do so until such time as AID no longer requires them. UDC shall enable AID, or its authorized representative, to inspect such records and documents, and make any necessary visits in connection therewith, at such time or times as AID may reasonably request.
- 5.3. UDC shall cause Sub-Borrowers to maintain similar records and documents with respect to Sub-Loans for such lengths of time as AID shall require, shall cause the same to be audited annually by an auditor acceptable to AID and UDC, and shall obtain the right to have AID, or its authorized representative,

audit such records and documents and make any necessary visits to the Projects in connection therewith, from time to time as AID may reasonably request.

- 5.4. UDC shall promptly inform GOU of any conditions which interfere with, or threaten to interfere with, the repayment of the Loan and the credit fee or the carrying out of the Projects or any other transactions contemplated by the Loan Agreement; and GOU shall without delay inform AID of any of the aforesaid conditions.
- 5.5. UDC may not assign any of its rights or delegate any of its obligations under the Loan Agreement or GOU-UDC Agreement without the written consent of AID.
- 5.6. Any notice, request or communication given, made or sent the UDC by AID, or AID by the UDC pursuant to the Loan Agreement or the GOU-UDC Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such other party at the following respective addresses:

TO UDC:

Mail Address:

Uganda Development Corporation Ltd.  
P. O. Box 442  
Kampala, Uganda

Cable Address:

UGADEV

TO AID:

Mail Address:

Agency for International Development  
Department of State  
Washington 25, D.C.  
Attn: AFE/CDF

Cable Address:

AID  
Washington, D.C.

Other addresses may be substituted for, or reasonably added to, the above upon the giving of notice as prescribed herein.

- 5.7. All communications and documents submitted to AID or any other agency of the United States hereunder shall be in English, and all financial data and technical and engineering specifications therein in terms of United States standards, unless AID agrees otherwise. Two (2) copies of every such communication and document shall be submitted to AID at its Washington address, and one (1) copy thereof to the USAID/Uganda. There shall be submitted such reasonable additional number of copies thereof, including copies in the language of the original, and to such addresses as AID may request.

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington 25, D. C.

AID LOAN NO. 617-H-001  
(AID-DLC/P-82)

LOAN AUTHORIZATION

PROVIDED FROM: Development Loan Funds  
Loan to Uganda Development Corporation Ltd.

Pursuant to the authority vested in the Administrator of the Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, and after consultation with the Development Loan Committee, I hereby authorize, pursuant to Part I, Chapter 2, Title I (Development Loan Fund) of said Act, a loan to the UGANDA DEVELOPMENT CORPORATION LTD. ("UDC") of not to exceed Two Million Dollars (\$2,000,000) for the making of sub-loans by UDC to assist in financing the foreign exchange costs of agricultural, industrial and other projects in categories approved by A.I.D., subject to the following terms and conditions:

1. Credit Fee, Charge to Government of Uganda, and Terms of Repayment. UDC, the Government of Uganda ("GOU") and A.I.D. shall conclude an agreement whereby:
  - (a) UDC shall be obligated to repay the loan in United States Dollars within fifteen (15) years from the first disbursement under the loan, including a grace period of not to exceed three (3) years. UDC shall be obligated to pay to the United States in dollars a credit fee of three quarters of one (3/4%) percent per annum on the disbursed balance of the loan. In addition, UDC shall be obligated to pay a charge to GOU in currency of Uganda of three and one quarter (3 1/4%) percent per annum on the disbursed balance of the loan.
  - (b) If at any time GOU so agrees, UDC may fulfill its dollar obligations by paying to GOU the equivalent in currency of Uganda of the dollar payment due the United States; provided that GOU will then assume the obligations to repay the loan, less any principal repayments by UDC, in U. S. Dollars within forty (40) years from the date of the first disbursement under the loan, including a ten (10) year grace period, and to pay

a credit fee of three quarters of one (3/4%) percent per annum on the assumed portion of the loan obligation computed from the date of the assumption of the obligation by GOU.

2. Currency of Repayment. Provision shall be made for repayment of the loan and payment of the credit fee to A.I.D. in United States Dollars.
3. Other Terms and Conditions:
  - (a) All equipment, materials and services financed by the loan shall be procured from the United States.
  - (b) All sub-loans or series of sub-loans by UDC of One Hundred Thousand Dollars (\$100,000) or more with respect to any project shall be subject to A.I.D. approval.
  - (c) Subject to 1(b) hereof, GOU shall guarantee payment of credit fee and repayment of the loan by UDC.
  - (d) The Loan shall be subject to such other terms and conditions as the A.I.D. may deem advisable.

/s/ William S. Gaud for  
Fowler Hamilton  
Administrator

July 27, 1962  
Date

ESA  
file copy  
7/10/63

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington 25, D.C.

AID LOAN NO. 617-H-001  
(AID-DLC/P-82)

LOAN AUTHORIZATION--AMENDMENT

PROVIDED FROM: Development Loan Funds  
Loan to Government of Uganda (Uganda Development  
Corporation Ltd.)

Pursuant to the authority vested in the Administrator of the Agency for International Development ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby amend the loan authorization dated July 27, 1962 of the above loan to provide that the loan should be made to the Government of Uganda ("GOU"), for relending to the Uganda Development Corporation Ltd. ("UDC").

I further amend such authorization as follows:

Substitute for 1.:

"Terms of Repayment and Credit Fee"

"GOU shall repay the loan to the United States in United States dollars within forty (40) years from the date of the first disbursement of the loan, including a ten (10) year grace period, and shall pay to the United States in United States dollars a credit fee of three quarters of one (3/4%) per cent per annum on the outstanding balance of the loan owing to the United States."

Substitute for 2.:

"Condition Precedent"

"There shall be submitted to and approved by A.I.D. as a condition precedent to disbursement an agreement between GOU and UDC providing, inter alia, for the repayment in the currency of Uganda of the loan by UDC to GOU within fifteen (15) years of the first disbursement of the loan, including a three (3) year grace period, and payment in the

currency of Uganda of interest by UDC to GOU of four (4%) per cent per annum."

Delete 3 (c) and re-letter 3 (d) as 3 (c).

The loan authorization is otherwise confirmed.

/s/ Frank M. Coffin for  
David E. Bell  
Administrator

July 10, 1963  
Date

W 70070 (5)  
PD-ALF-468

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

April 9, 1964

Secretary to the Treasury  
Government of Uganda  
P.O. Box 103  
Entebbe, Uganda

and

Uganda Development Corporation, Limited  
P.O. Box 442  
Kampala, Uganda

Subject: A.I.D. Loan No. 617-H-001 (A.I.D. 59)  
Uganda Development Corporation, Limited  
Implementation Letter No. 1

Gentlemen:

This letter sets forth the procedures for utilization of the proceeds of the loan and provides information to assist the Government of Uganda ("~~Borrower~~") and the Uganda Development Corporation ("UDC") in implementing the loan in conformity with the Loan Agreement. Nothing in this letter and its attachments alters the scope of the Loan Agreement or the terms of the specific sections of the Loan Agreement that are referred to or explained in this communication. This letter and the attachments may be supplemented or modified by subsequent Implementation Letters to meet special situations that may arise.

I. Conditions Precedent

A. Requirements

The documents recently submitted to fulfill the requirements of Sections 3.1, 3.2 and 3.4 of the Conditions Precedent are satisfactory to A.I.D.

The list of Approved Categories dated November 14, 1963, submitted by the UDC to A.I.D. has been previously approved by A.I.D. with the exception of Item 16, Technical Services, about which A.I.D. requested additional information. A.I.D. has reviewed the UDC letter of January 8, 1964 (S/AID/A.2), in which the UDC envisioned that the Technical Services would take the form of engineering services for industrial and agricultural schemes. Based on this letter A.I.D. approves the category of Technical Services, provided they are

associated with UDC-financed projects which will be revenue generating.

All Conditions Precedent to disbursements have therefore been met.

B. Information and Sub-Loans Requiring Prior A.I.D. Approval;  
Section 3.2.4.

Information required for A.I.D. approval of Sub-loans or series of related Sub-loans utilizing \$100,000 or more of A.I.D. funds is described in Attachment A.

II. Disbursement Procedures and Documentation

It is anticipated that the letter of commitment method of financing will be used for disbursements under this Loan. The procedure for requesting the issuance of letters of commitment, actions to be taken by you after they are issued, and the documentation required by A.I.D. as a basis for disbursement of loan funds are described in Attachment B.

Upon your request, A.I.D. will issue the first Letter of Commitment in the amount of \$500,000. Succeeding segments of the loan funds may be made available by our amending the original Letter of Commitment for specific amounts requested by you.

Each request is to be supported by a statement as to the total amount of Sub-loans extended and a listing of the Sub-loans not previously reported in the Monthly Reports submitted prior to the date of the request. The listing should give the identification number of each Sub-loan, the name of the sub-borrower, the purpose of the Sub-loan, the amount of A.I.D. funds involved, and the source of procurement under the Sub-loan.

III. Procurement and Shipping

A. Notification of Proposed Procurement of Goods

Pursuant to Section 4.4 of the Borrower-UDC Agreement, UDC is requested to furnish A.I.D. with information on proposed procurement related to Sub-loans financed under the Loan involving orders of more than \$5,000 to any one supplier.

If in the course of processing an application it appears that UDC will give the application serious consideration, UDC should furnish to A.I.D. the information specified in Attachment C.

UDC's submission and our publication of this information for the use of interested U.S. suppliers in no way commits UDC to act favorably in granting the Sub-loan in question. It is intended merely to give U.S. suppliers notice, as far in advance as possible, of procurement which may ultimately take place.

It is not expected that any additional information regarding proposed procurement will have to be submitted to A.I.D. by the sub-borrowers, although there may be instances where A.I.D. may require them to submit additional data. A.I.D. requests that UDC inform its applicants for Sub-loans that they will be expected to respond to inquiries from U.S. suppliers and meet their requests for details that would permit them to present quotations or bids on the proposed procurement.

#### B. Source of Eligible Items

1. In accordance with Section 4.5 of the Borrower-UDC Agreement, the source of all eligible items shall be the United States, except as provided otherwise in Section 4.12. of the Government-UDC Agreement, with respect to marine insurance. This includes Technical Services, Item 16 in the list of Approved Categories.

In regard to any commodity which contains any components imported into the United States and acquired by the producer in the form in which they were imported, the Supplier must certify that the total cost of such components, delivered to the point of production of the commodity, does not exceed ten percent of the lowest price (including the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export, and that no components of any commodity were imported from countries not included in A.I.D. Geographic Code 899.

2. The A.I.D. Geographic Code Book, containing Geographic Code 899, referred to in Section 4.9 of the Borrower-UDC Agreement, is available for consultation at US AID/Uganda and at A.I.D. headquarters in Washington.

#### C. Limitation on Ocean Shipment

In regard to the provisions of Section 4.10 of the Borrower-UDC Agreement, ocean vessels included on the latest "List of Free World and Polish Flag Vessels Arriving in Cuba since January 1, 1963," are ineligible to carry A.I.D.-financed cargoes from the United States. That list is published from time to time in the Federal Register of the United States by the Maritime Administration of the Department of Commerce. US AID/Uganda will maintain a current listing of such ineligible vessels which it will furnish upon request. Please take such steps as may be appropriate to make certain that no shipment financed under the Loan is made on an ineligible vessel.

#### IV. Marking Requirements and Signs at Project Sites

In accordance with the provisions of Section 5.1 of the Borrower-UDC Agreement, UDC is requested to arrange for the marking of equipment and materials financed by the Loan and for signs at Project sites in accordance with the usual A.I.D. requirements. For your assistance in meeting these requirements we are enclosing Attachment D, Marking Requirements - Goods and Shipping Containers, and Attachment E, Signs at Project Sites.

## V. Reports

The reports required to be furnished by UDC to A.I.D. under Section 5.2 of the Borrower-UDC Agreement shall include the following:

1. Monthly Reports. The information described in Section A of Attachment F is to be submitted monthly. The first such report presenting data from inception of activities under the A.I.D. Loan through the end of the first month in which a Sub-loan is made utilizing A.I.D. funds is to be dispatched in duplicate to A.I.D., with a copy to US AID/Uganda within 30 days after the end of that month. Subsequent monthly reports are to be submitted within twenty (20) days after the last day of each month.

2. Quarterly Reports. The information described in Section B of Attachment F is to be submitted to A.I.D. on a quarterly basis. The first such report presenting the data from the inception of activities under the A.I.D. Loan through June 30, 1964, is to be dispatched to A.I.D., with a copy to US AID/Uganda, by August 15, 1964. Subsequent reports, covering three-month periods thereafter are to be dispatched by airmail within 45 days after the end of each fiscal quarter.

3. Annual Financial and Management Report. A financial report is to be submitted to A.I.D. annually, with a copy to US AID/Uganda, until the Borrower loan to UDC is fully repaid by UDC. It is to include a detailed Balance Sheet, Profit and Loss Statement and an analysis of Surplus and Retained Earnings, setting forth UDC's true and fair financial condition and the results of its operations. UDC is requested to include information of any significant changes in the Corporation's organization, management and key personnel.

UDC should include a statement of the demonstrable effect or contribution its operations have had on the economic development of Uganda through medium and long-term loans, and, if available, a summary statement of the investment portfolio.

UDC financial statements must be certified by a firm of independent public accountants acceptable to A.I.D., pursuant to Section 5.2 of the Borrower-UDC Agreement. In this connection please refer to Attachment G, which covers A.I.D. Audit Requirements. The name of the auditor which UDC selects should be submitted to A.I.D. for approval.

UDC is requested to inform us of the reporting year or other period used by UDC to present its financial position and how soon thereafter we may expect to receive its report. Normally, we would expect the report within one-hundred twenty (120) days of the end of each reporting period. If the detailed financial statements mentioned above are normally included in published reports of UDC, and are duly audited and certified by an independent public accountant acceptable to A.I.D., such published reports may be submitted to meet this requirement.

4. Quarterly Shipping Report. The report required in Section 4.11 of the Borrower-UDC Agreement should follow the form presented in Attachment H. The first report, covering shipments from inception through June 1964, is to be furnished by August 15, 1964. Each report is to be supplemented by a covering summary statement giving the cumulative actual figures, beginning with the initial report through the month of the latest report, for U.S. and non-U.S. flag vessels by category of vessel, as applicable. If the summary report indicates a lag in complying with Section 4.11, a statement shall be included indicating how the deficit in shipping on U.S. flag vessels is to be made up. This quarterly report is to be dispatched by airmail within 45 days of the end of each quarter.

VI. Repayment of Loan; Place of Payment; Section 2.6.

For your convenience the place of payment of interest and principal on the loan has been changed from A.I.D., Washington 25, D. C., to U.S. Agency for International Development Mission to Uganda, American Embassy, Kampala, Uganda.

VII. Terminal Financing Dates; Section 5.2.

Please note that the terminal date for the receipt by A.I.D. of requests for issuance of letters of commitment is October 1, 1966, and that no disbursement, whether under a letter of commitment or otherwise, can be made against documentation submitted after March 1, 1967. These dates now conform to the dates shown in Section 3.3 of the Borrower-UDC Agreement.

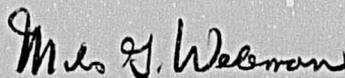
VIII. Correspondence

All documentation, reports and correspondence concerning this loan must be in English and should be forwarded to A.I.D., Washington, through US AID/Uganda, with two copies provided for A.I.D., Washington, and one copy for US AID/Uganda.

All financial, technical and engineering specifications therein shall be in terms of United States standards, unless A.I.D. agrees otherwise.

A.I.D. will be glad to discuss with your representatives any questions you may have concerning the implementation of the loan, or any matter relating to this letter or to the attachments hereto.

Sincerely yours,



Miles G. Wedeman  
Director

Office of Capital Development and Finance  
Bureau for Africa

Attachments listed on next page

**Attachments:**

- A. Summary Statement on Proposed Sub-Loan Requiring Prior A.I.D. Approval - 9/30/63
- B. Disbursement of Loan Funds - Letter of Commitment Procedure - 1/64
- C. Borrower's Notice to U.S. Business Regarding Proposed Procurement of Goods - 3/64
- D. Marking Requirements - 9/27/62
- E. Signs at Project Sites - 9/30/63
- F. Progress Reports on Loans - 9/30/63
- G. A.I.D. Audit Requirements - 5/28/63
- H. Borrower's Shipping Statement - 10/15/62

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington 25, D.C.

Attachment A

SUMMARY STATEMENT ON PROPOSED SUB-LOAN  
REQUIRING PRIOR A.I.D. APPROVAL

A.I.D. Loan No. \_\_\_\_\_  
Identification No. of Sub-Loan. \_\_\_\_\_  
Date \_\_\_\_\_

1. NAME, LOCATION AND NATURE OF THE ENTERPRISE:
2. AMOUNT AND TERMS OF CREDIT: Indicate, in U. S. dollar equivalent, the total amount of credit to be extended, the amount of U. S. dollars to be provided from the A.I.D. Loan, other foreign exchange and amount (in U. S. dollar equivalent), and the amount of local currency (in U. S. dollar equivalent). Give the term of the loan, and provide the proposed amortization schedule; the interest rate and other charges, if any and special conditions attached to the contemplated sub-loan.
3. DESCRIPTION OF PROJECT:
  - a. If existing enterprise, give a brief description and current operations, include the size, production capacity, and current worth of the enterprise and owner's equity.
  - b. If new enterprise, give a brief description of the contemplated undertaking, include such things as proposed size, production capacity; owner's equity and other sources of financing.
  - c. The specific purpose for which financing with A.I.D. funds is to be used (e.g., establish new production facilities, expansion of production to \_\_\_\_\_, increase in efficiency, reduction in operational costs, etc.), showing total cost and source and amount of financing for each major category of expenditure.
  - d. Indicate the proposed construction, procurement and installation schedules.
4. ORGANIZATIONAL AND MANAGEMENT RESOURCES: Describe the organizational structure and management resources available and contemplated to carry out and operate the project and market the product.
5. TECHNICAL FEASIBILITY: A copy or a summary of the analysis or statement prepared by the Bank's engineering staff or advisors, which gives evidence as to the technical feasibility of the proposed project;

e.g., the technical services to be used by the Applicant, technical soundness of the construction and procurement plans.

6. ECONOMIC JUSTIFICATION AND FEASIBILITY:

a. Overall benefits to the country. Indicate the role of the project in the country's development.

b. Statement as to the availability of labor, transportation, power, sources of raw materials, etc.

c. Analyses of market conditions, competitive position of product, and plans for marketing.

d. Project return on investment and ability to service loan.

7. FINANCIAL ANALYSIS: Furnish a summary of the financial operations of the applicant which, for an established firm will include its most recent profit and loss statement and balance sheet; for new enterprises provide a pro forma profit and loss statement and balance sheet for the projected first full year of operation and, in addition, pro forma profit and loss statements and balance sheets showing the break-even point in the operations of the enterprise. In cases in which it is anticipated that full production is likely to be reached in two or three years, projected profit and loss statements for the periods involved also are to be submitted. In addition, submit a copy of the analysis or statement prepared by the Bank's reviewing staff on the validity of these statements.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

DISEBURSEMENT OF LOAN FUNDS  
LETTER OF COMMITMENT PROCEDURE

Under A.I.D. loan agreements the borrower may request A.I.D. to issue letters of commitment to bank in the United States, designated by the borrower, as a basis for disbursing loan funds. The procedures to be followed by the borrower to obtain the issuance of letters of commitment and by suppliers to obtain payment pursuant to letters of credit or other orders for payment issued under the letter of commitment are as follows:

- I. Form and Content of Request for Letter of Commitment. Requests for the issuance of letters of commitment shall be submitted to A.I.D. in duplicate in the English language, shall set out the A.I.D. number of the loan, and shall contain the following:
1. The U.S. dollar amount of the letter of commitment;
  2. The name of the U.S. bank to which the letter of commitment is to be issued;
  3. The name and address of the approved applicant (the borrower or a person or organization, such as a bank in the borrower's country, authorized by the borrower to request the U.S. bank to open letters of credit or to make payment to suppliers by other means);
  4. The expiration date to be stated in the letter of commitment. In no case may this be later than the date specified in the loan agreement as the final date for submitting documentation to the U.S. bank as a basis for disbursements against the letter of commitment;
  5. An identification of the items to be financed under the letter of commitment. Equipment and materials shall be described in categories in commercial terminology or in terms of the A.I.D. three-digit commodity code, showing estimated quantities and dollar costs, whether costs include delivery to the borrower's country, and whether the borrower wishes to provide for any flexibility between individual category amounts within the total amount of the letter of commitment. In the case of services, three copies of the governing contract shall be submitted with the request for issuance of a letter of commitment.

- II. Notification of and Action after Issuance of Letter of Commitment. Upon issuance of a letter of commitment, a copy will be sent to the borrower as notification of such issuance. After such notification, the borrower or its approved applicant may request the designated U.S. bank to open commercial letters of credit or to provide for payment to suppliers by other means. Each such request shall include the A.I.D. number of the loan and of the pertinent letter of commitment. The request, and instructions to the U.S. bank in connection therewith, may include any special directions, consistent with the terms of the letter of commitment, that the borrower may specify.
- III. Documentation for Payment. A.I.D. requires that claims by suppliers for payment pursuant to letters of credit or other orders for payment issued under an A.I.D. letter of commitment be supported by the following documents, except where waived in writing by A.I.D.
- A. Cost of Goods, Including Costs of Freight and/or Marine Insurance Where Paid by the Supplier. (See paragraphs B, C, and D below for documentation to support prepayments, progress payments, and final payments under contracts.)
1. Voucher SF 1034. Original and three copies, normally prepared by the U.S. bank
  2. Suppliers's Detailed Invoice. One copy or photostat, showing quantity, description, gross sales price, net sales price (after deducting discounts and purchasing agents' commission), and basis of delivery (e.g., C&F, FAS) of the goods or details of the services. Where the invoice covers goods shipped from a free port or bonded warehouse, it shall include an endorsement so indicating and designating also the country or area from which shipment was made to the free port or bonded warehouse. Where an invoice covering costs of freight and/or marine insurance is rendered separately (i.e., where these costs are not billed on the invoice covering the costs of the goods), an appropriate reference must be furnished to the voucher (SF 1034) and invoice under which the cost of the goods was paid.
  3. Source Certification. To be eligible for financing under the loan, commodities must have been mined, grown, or produced through manufacturing, processing, or assembly in countries or areas included in the A.I.D. geographic code indicated in the loan agreement.

The term "source" means the country from which a commodity is shipped to the "borrower country". Where, however, a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

In regard to any commodity which contains any components imported into the country of production from countries other than authorized source countries and acquired by the producer in the form in which they were imported, the supplier must certify that the total cost of such components, delivered to the point of production of the commodity, does not exceed ten percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export; and that no components of any commodity were imported from countries not included in A.I.D. Geographic Code 899 or prohibited by FAC or CAC Regulations.

The following certification on "source" must be attached to or endorsed on each invoice presented for payment and must be signed by the supplier or his authorized representative:

I (We) hereby certify that the source (as defined by AID) of the commodities listed on the attached invoice or invoiced herein is as shown below and as shown on the AID Supplier's Certificate and that such invoiced commodities were mined, grown or produced in a country or countries covered by AID Geographic Code \_\_\_\_\_ (insert the Geographic Code number specified by the borrower).

I (We) further certify that, to the best of my (our) information and belief, with respect to any produced commodity invoiced, the cost of components (delivered to point of production) the source of which is a Free World country other than countries authorized as sources in the Agreement, does not exceed in total cost 10 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which I (we) make the commodity available for export, that the produced commodity does not contain any components imported from countries not included in Geographic Code 899 or prohibited by FAC or CAC Regulations.

Source of Commodities \_\_\_\_\_  
Authorized Signature of Supplier \_\_\_\_\_  
Title \_\_\_\_\_ Date \_\_\_\_\_

4. Evidence of Shipment

- a. Bill of Lading or Substitute. One copy or photostat of ocean or charter party bill of lading, airway bill, parcel post receipt, or other commercially acceptable documentation.
- b. Bank Certificate for Shipments from United States. In the case of any commodity shipped from the United States and financed by A.I.D. under a letter of commitment to a U.S. bank, A.I.D. will accept in lieu of the documents referred to in 4.a, above, a certificate from the bank to the effect that it has been informed by the approved applicant or supplier that the sale is on an FOB or FAS basis and it is impracticable to furnish an ocean or charter party bill of lading, airway bill, or parcel post receipt, and that either:

- (1) Shipment Document Sent by Bank. The bank has received a common carrier bill of lading, negotiable warehouse receipt, mate's receipt, master's receipt, dock receipt, or domestic parcel post receipt (if in non-negotiable form, showing that the goods have been consigned to or are being held for a person or organization designated by the approved applicant); it has delivered or sent the same, in accordance with instructions of the approved applicant, to a person or organization designated by the approved applicant; and it has in its possession a written undertaking of such person or organization (a) to arrange for ocean shipment and to deliver to the bank a copy (or photostat) of the ocean or charter party bill of lading, airway bill, or parcel post receipt for forwarding to A.I.D., or (b) if unable to arrange for ocean shipment within 90 days of the date of the undertaking, to so notify A.I.D., Washington, D. C., and at such time as A.I.D. may request, to deliver to the bank for forwarding to A.I.D., a common carrier bill of lading or warehouse receipt in negotiable form for the commodity; or
  - (2) Shipment Document Held by Bank. The bank has received a common carrier bill of lading or warehouse receipt in negotiable form and is in possession of the same; it has been unable to deliver the same to a person or organization designated by the approved applicant against the written undertaking described in 4.b.(1) above, and it is holding the negotiable common carrier bill of lading or negotiable warehouse receipt subject to the instructions of A.I.D. and will forward same to A.I.D. when and if so instructed, except that if it becomes possible before any such instructions are received, it will proceed in accordance with 4.b.(1) above.
- c. Banking Certificate for Shipments from Outside United States. In the case of commodities financed by A.I.D. under a letter of commitment to a U.S. bank and shipped to a borrower, by means other than ocean vessel or aircraft, from an authorized source country or other area other than the United States, in lieu of the documents referred to in sub-division 4.a. of this subparagraph A.I.D. will accept (1) a certification from the bank to the effect that it has been informed by the approved applicant or the supplier that it is impracticable to furnish any of the documents described in 4.b.(1) above, and (2) such other documents evidencing shipment to or receipt by the borrower as are acceptable under good commercial practice (such as railway, barge, or truck bills of lading or importers' receipts).
5. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the following:

- a. The cost of the commodity, including the cost of ocean freight and/or marine insurance (including war risk insurance) when such costs are paid by the supplier for his own or the buyer's account, to be executed by the supplier of the commodity.
- b. The cost of ocean freight, to be executed by the ocean carrier.
- c. The cost of marine insurance (including war risk insurance) to be executed by the insurer, insurance broker, or underwriter.

6. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

B. . Prepayments and Progress Payments Under Contracts for Goods. Where prepayments and/or progress payments are required under a contract with a supplier (and such financing has been approved by A.I.D. in advance), the value thereof may be financed under a letter of commitment, subject to prior performance of such special provisions as may be required by A.I.D. Documentation to support disbursements covering prepayments and progress payments is as follows:

1. Voucher SF 1034. Original and three copies, normally prepared by the the U.S. bank.
2. Supplier's Detailed Invoice. One copy or photostat of the invoice, identifying the covering contract and showing (a) the total value of the contract (excluding escalation); (b) the total of amounts previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; and (c) the amount being invoiced for payment.
3. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the total amount for which reimbursement is requested.
4. Works Progress Certificate. For progress payments, one copy of a Works Progress Certificate, signed by the supplier, in the following form attached to, or endorsed on, the invoice:

The undersigned certifies that (1) the amount expended for labor and materials/equipment and payments on account of commitments for labor and materials/equipment supplied or to be supplied under contract /identify/ are in excess of total payments already received or claimed against this contract including payments claimed under this invoice; (2) the value of said contract, excluding escalation, is \_\_\_\_\_; (3) the undersigned is complying with the terms and conditions of the subject contract; (4) the commodity is presently under the General

License, or, if not, a validated export license has been issued by the Department of Commerce covering the commodity, and the undersigned has not received notice that it has been canceled or terminated; and (5) the commodity is being specially manufactured or produced for the importer under the contract, does not conform to the undersigned's standard specifications for domestic or foreign sale, or if it does, is not of a type normally manufactured by or for the undersigned for inventory, and to the best of the undersigned's belief would, in the event of nondelivery, neither be resaleable nor convertible for resale at, or above the contract price.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

5. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

C. Partial or Final Payments for Goods Where Prepayment or Progress Payments Have Been Made. Where prepayments or progress payments have been made under a contract financed out of A.I.D. loan funds, in addition to documentation as provided in paragraph A. of this part, a certification, signed by the supplier, in the following form is required to be attached to or endorsed on the invoice:

The undersigned certifies that (1) the sales value of the equipment covered by this invoice, plus the value of equipment already delivered, plus the sales value of labor and purchased material for which expenditures have been made, plus the amount expended on account of commitments for equipment remaining to be supplied under the subject contract are not less than the total payments already received or claimed against this contract including payments claimed under this invoice, and (2) it is complying with the terms and conditions of the subject contract.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

D. Final Payment for Goods Where Amount Previously Withheld Under Contract. Where a contract financed out of A.I.D. loan funds authorizes final payment for goods upon acceptance by the purchaser, certification by the purchaser's engineer, or other comparable condition, documentation to support such final payment shall be as follows:

1. Voucher SF 1034. Original and three copies normally prepared by the U.S. bank.

2. Supplier's Detailed Invoice. One copy or photostat identifying the covering contract and showing (a) the total value of the contract (excluding escalation), (b) total of amounts previously received as payments under the contract, and (c) the amount invoiced for final payment.
3. Certificate of Acceptance. There shall be attached to or endorsed on the supplier's invoice a certification substantially as follows, executed by the borrower's consulting engineer and/or an authorized representative of the borrower:

The undersigned certifies that the machinery-equipment for which final payment is invoiced, meets in all respects the specifications prescribed in the covering contract, and the amount invoiced is properly due and payable to the supplier under the contract.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

4. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the total amount for which reimbursement is requested.
5. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

E. Costs of Services. (See paragraphs F. and G. below for documentation to support prepayments, progress payments and final payment under contracts.)

1. Voucher SF 1034. Original and three copies, normally prepared by the U.S. bank.
2. Supplier's Detailed Invoice. One copy or photostat describing the services performed and itemizing in detail the costs for which payment is invoiced (except in the case of lump-sum contracts in which case the invoice shall identify the covering contract and the section or paragraphs which provide for such payment and the terms of payment), setting out separately costs of travel, materials, and equipment, if any.
3. Certificate of Performance. To be executed by the borrower's consulting engineer and/or an authorized representative of the borrower, as follows:

The undersigned certifies that (1) the services for which reimbursement is requested have been satisfactorily rendered; (2) the costs thereof are properly reimbursable and the fees earned, in accordance with the terms of the contract; (3) any reports or recommendations required under the terms of the contract have been received and are satisfactory.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

4. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the total amount for which reimbursement is requested.
5. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

F. Prepayments and Progress Payments Under Contracts for Services (Including Construction Contracts. Where prepayments and/or progress payments are required under a contract with a supplier (and such financing has been approved by A.I.D. in advance), the total value thereof may be financed under a letter of commitment, subject to prior performance of such special provisions as may be required by A.I.D. Documentation to support disbursements covering prepayments and progress payments is as follows:

1. Voucher SF 1034. Original and three copies, normally prepared by the U.S. bank.
2. Supplier's Detailed Invoice. One copy or photostat of the invoice, identifying the covering contract and showing (a) the total value of the contract (excluding escalation); (b) the total of amounts previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; and (c) the amount being invoiced for payment.
3. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the total amount for which reimbursement is requested.
4. Works Progress Certificate. For progress payments, one copy, signed by the supplier, in the following form attached to, or endorsed on, the invoice:

The undersigned certifies that (1) the amount expended for engineering services, labor, materials, and payments on account of commitments for materials and services supplied or to be supplied under contract [identify] are in excess of the total payments already received or claimed against this contract, including payments claimed under this invoice; (2) the value of said contract, excluding escalation, is \_\_\_\_\_; and (3) the undersigned is complying with the terms and conditions of said contract.

Date \_\_\_\_\_

Signature \_\_\_\_\_  
Title \_\_\_\_\_

Authorized Representative

5. Certificate of Performance. To be executed by the borrower's consulting engineer and/or an authorized representative of the borrower. In the case of consulting engineering contracts, to be executed by an authorized representative of the borrower.

The undersigned certifies that (1) the services for which reimbursement is requested have been satisfactorily rendered; (2) the costs thereof are properly reimbursable and the fees earned, in accordance with the terms of the contract; (3) any reports or recommendations required under the terms of the contract have been received and are satisfactory.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

6. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

G. Final Payment under Contracts for Services (Including Construction Contracts).

Where the contract authorizes final payment upon acceptance by the borrower, certification by the borrower's consulting engineer, or other comparable condition, documentation to support such final payment shall be as follows:

1. Voucher SF 1034. Original and three copies normally prepared by the U.S. bank.
2. Supplier's Detailed Invoice. One copy or photostat identifying the contract and showing (a) the total value of the contract (excluding escalation); (b) total of amounts previously received or claimed under the contract; and (c) the amount invoiced for final payment.
3. Certificate of Acceptance. There shall be attached to or endorsed on the supplier's invoice a certification substantially as follows, executed by the borrower's consulting engineer and/or an authorized representative of the borrower:

The undersigned certifies that the services for which final payment is invoiced have been fully rendered in accordance with the covering contract, and the amount invoiced is properly due and payable to the supplier under the contract.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Representative

4. A.I.D. Supplier's Certificate and Invoice and Contract Abstract. Original and two copies, executed by the supplier, covering the total amount for which reimbursement is requested.
5. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

BORROWER'S NOTICE TO U.S. BUSINESS  
REGARDING PROPOSED PROCUREMENT OF GOODS

The following guidelines prescribe requirements for advertisement of A.I.D.-financed commodity procurement other than under prime or subcontracts for construction projects, for which advertising requirements are specified elsewhere. The Borrower is responsible for giving notice of these requirements to persons, firms, or agencies whom it authorizes to make purchases, and must also ensure compliance with these requirements.

Ordinarily, Borrowers advertise their requirements for A.I.D. loan-financed goods in order to obtain formal competitive bids. In isolated instances procurement can be based on informal solicitation of quotations.

1. Formal Bid Invitations. Any purchaser of commodities to be financed under an A.I.D. Loan Agreement (i.e., the Borrower or any person, firm or agency authorized by the Borrower to make purchases with loan proceeds) before placing or agreeing to place any order for commodities exceeding \$5,000, landed cost, shall transmit to the Agency for International Development, Bureau for Africa, Office of Capital Development and Finance, two copies, in the English language, of the complete invitation for bids. The invitation shall include complete specifications stated in terms of U.S. standards, with any additional drawings and details, the terms and conditions of procurement, the closing hour and date for bids, the applicable invitation number, and the address, preferably in the United States, where English language copies of the foregoing data may be obtained by prospective suppliers. Complete sets of these data, in sufficient numbers to meet the anticipated demand, shall be made available to American suppliers who request them at the designated address. The Borrower may charge all prospective bidders for the cost, plus postage, of tender documents, plans and specifications, and any other published material which may be needed by such bidders in order to prepare and offer their quotations, if such charges are in accordance with the usual practices of the Borrower.

2. Informal Solicitation of Quotations. In special instances A.I.D. may waive the formal advertising requirements and concur in the informal solicitation of offers. In these cases A.I.D. will instruct the Borrower regarding the notification to U.S. suppliers.

### 3. Waiting Period

a. Minimum Requirement. The information required under paragraph 1. above (except where waiver of this requirement has been granted by A.I.D. pursuant to the Loan Agreement) is to reach A.I.D. at least 45 days before the closing date for receipt of bids. However, where the details that may be required to enable U.S. suppliers to submit bids are to be obtained from abroad instead of being available in the United States for distribution, the waiting period shall be 60 days or such other period as A.I.D. may accept in response to a request from the Borrower for an adjustment in the waiting period.

b. Extension of Waiting Periods by A.I.D. In any case where the information is received by A.I.D. does not fully meet the requirements set forth in paragraph 1. above, A.I.D. will request the purchaser to make appropriate revisions or additions. Under such circumstances, the waiting period shall run from the date A.I.D. receives the additional desired information. Similarly, A.I.D. may request the Borrower to increase the normal waiting period where, because of the complexity of the items to be procured, interested suppliers would need more time to prepare and submit bids.

4. Information on Price Accepted and Abstracts of Offers and Bids. The Borrower shall furnish to A.I.D. , upon request, with respect to any purchase of loan-financed goods, an abstract in the English language of all bids received showing: (a) the names and addresses of all bidders and their principals, if any, (including manufacturers or processors of the goods where known); (b) the bids they submitted in terms of categories of goods, quantity, quality, delivery time offered and other relevant factors; and (c) the name of the successful bidder. In cases where the award was made to other than the lowest bidder the Borrower will give the reasons for rejecting the lower offers or bids and for accepting the successful bidder.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington 25, D. C.

MARKING REQUIREMENTS -  
GOODS AND SHIPPING CONTAINERS

The following instructions are provided to aid the Borrower in complying with the provisions in the A.I.D. Loan Agreement that require the marking of loan-financed goods and their shipping containers:

Except as otherwise provided below, all loan-financed goods (including machinery, equipment and materials) and their shipping containers will carry an emblem or other marking appropriately indicating the cooperation of the Government of the United States in furnishing assistance in the financing of the goods. Normally, these emblems or markers are affixed by the suppliers of the goods. Borrowers under A.I.D. loans are responsible for assuring that suppliers of loan-financed goods receive necessary instructions concerning A.I.D. marking requirements.

1. Type of Emblem or Marker.

The requirements of the foregoing paragraph may be complied with by affixing a label, decalcomania, stencil, tag, metal plate, or by other means. The kind of emblem and size will depend on the type of commodity or shipping container and the nature of the surface to be marked, but in all cases must be large enough to be clearly visible at a reasonable distance. Emblems placed on goods must be substantially as durable as the trade mark or brand name affixed by the producer; emblems on shipping containers must be legible until they reach their destination.

2. Exemptions and Waivers.

a. Exempted Goods. Materials shipped in bulk, and semi-finished products that are not packaged in any way are exempt from the above-prescribed marking requirements. If such materials or semi-finished products are shipped in containers of any kind, appropriate markers as described above shall be placed on or attached to the containers.

b. Waivers. Upon representation to A.I.D. by the Borrower that strict compliance with the marking requirements, in their application to particular shipments or categories of goods, will result in undue hardship, disproportionate expense, delay in delivery of the goods, or is otherwise impracticable, A.I.D. will consider waiving the marking requirements as they apply to the particular shipment or category of goods, or may prescribe alternative means for complying with the requirement.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

SIGNS AT PROJECT SITES

The A.I.D. Loan Agreement specifies that the Borrower shall comply with instructions furnished by A.I.D. regarding display of appropriate signs at the project site. The following instructions are provided to aid the Borrower in fulfilling this responsibility.

1. Types of Signs. The Borrower will place such signs at the project location as will appropriately indicate the cooperation of the Government of the United States in furnishing assistance for the project.

a. On Buildings and Structures. Normally, plates or plaques made of metal or other durable material are to be affixed to the structure, or may be painted directly on the structure using good quality outdoor paint.

b. At Construction or Other Project Locations. Where signs other than those on buildings or structures are more appropriate or feasible, they should be installed at conspicuous locations and should be large enough to be seen at a reasonable distance. They should be made of metal or other durable material, with design and lettering done in outdoor paint.

2. Erection and Maintenance of Signs. Signs are to be affixed or erected as soon as construction has reached a stage that would permit such action. The Borrower will make arrangements for the proper maintenance of all such signs.

3. Notification to A.I.D. After the appropriate signs have been affixed or erected, the Borrower will promptly furnish A.I.D. with photographs of all such displays. If practicable, these signs may be pictured in any construction photographs furnished as part of the data submitted in the Progress Reports.

The Borrower shall obtain information as to suitable signs from the United States Agency for International Development Mission in the cooperating country.

M.O. 1263.1  
9/30/63



**B. Quarterly Reports**

**1. Summary Statement of Progress on all Active Sub-Loans**

Please present the information on progress, during the reporting quarter, in implementing currently active sub-loans (previously extended or extended during the quarter) in accordance with the tabular format of Appendix II to this Attachment.

**2. Report on Sub-Loans Involving Special Problems**

Please indicate the sub-loans which have experienced special problems during the quarter under review and furnish appropriate explanations of the circumstances. Each case reported should be identified separately, under the appropriate problem category listed below, by the number of the sub-loan and the name and address of the sub-borrower:

- a. Extension granted on due dates for payment of interest and/or principal.
- b. Cancellation of sub-loans.
- c. Sub-loans placed in default due to non-payment of interest or principal and indicate the amount of the outstanding unpaid balance.
- d. Sub-loans placed in default for reasons other than non-payment of interest or principal and indicate the reason(s) for the default.
- e. Sub-loans previously reported in default and which still remain in default; indicate actions taken with respect to these defaulted loans.

**Attachments:**

- Appendix I
- Appendix II

9/30/63

MONTHLY SUMMARY OF NEW SUB-LOANS EXTENDED

APPENDIX I to ATTACHMENT F  
Page 1 of \_\_\_\_\_

Name of Institution \_\_\_\_\_  
AID Loan No. \_\_\_\_\_ Report No. \_\_\_\_\_  
For Month \_\_\_\_\_, Year \_\_\_\_\_

Identification No. of Sub-loan (1)	Name and Address of Borrower (2)	Nature of the Business or Industry (3)	Amount of Credit		Amount 1/ or Other Financing (6)	Sub-loan Terms			Narrative Statement 4/ (10)
			Total 2/ (4)	AID Funds (5)		Period Maturity (7)	Interest Rate (8)	Other Charges 3/ (9)	

Give brief description of project, its scope and purpose. Include the following:

a) For expansion of existing plant, indicate: if introduction of new production facilities; expansion of present rate of productive capacity (from \_\_\_\_\_ to \_\_\_\_\_); increase in efficiency; reduction of operational costs; etc.

b) For new plant: provide data on planned productive capacity.

(use continuation sheets)

1/ Expressed in U.S. dollar equivalent.

2/ Indicate other financing utilized; for example, additional contribution of Borrower's own funds, additional financing obtained from other financial institutions, etc.

3/ Report any fees, commission or other charges; please identify.

4/ No Narrative Statement is required for sub-loans which have received prior AID approval; for such sub-loans, please indicate date of AID Letter of Approval.

QUARTERLY PROGRESS REPORT ON CURRENTLY ACTIVE SUB-LOANS

APPENDIX II to ATTACHMENT **F**  
Page 1 of \_\_\_\_\_

Name of Institution \_\_\_\_\_  
AID Loan No. \_\_\_\_\_ Report No. \_\_\_\_\_  
For Quarter Ending \_\_\_\_\_

Identification No. of Sub-Loan	Name & Address of Borrower	Amount of Credit		Date Sub-Loan Agreement Signed	Value of Orders Placed <sup>2/</sup> Against AID Funds						Disbursements Against AID Funds		Original or Revised Estimated Date of Physical Completion <sup>3/</sup>	Date of Actual Physical Completion <sup>4/</sup>
		Total <sup>1/</sup> (3)	AID Funds (4)		Current Quarter			Cumulative to Date			Current Quarter (12)	Cumulative to Date (13)		
					Total <sup>1/</sup> (6)	U.S. (7)	Non-U.S. (8)	Total (9)	U.S. (10)	Non-U.S. (11)				
	(2)			(5)									(14)	(15)

(see continuation sheets)

- <sup>1/</sup> In U.S. dollar equivalent.  
<sup>2/</sup> Include value of services contracted for.  
<sup>3/</sup> When a revised target date is given, indicate by the symbol (R).  
<sup>4/</sup> After a project is reported as physically completed, it will be dropped from any subsequent versions of this quarterly Progress Report; information on special problems, as they may occur, will continue to be reported until the sub-loan is fully repaid.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON 25, D. C.A.I.D. AUDIT REQUIREMENTS  
AUDITS PERFORMED BY INDEPENDENT PUBLIC ACCOUNTANTS.

The purpose of this attachment is to inform the borrower and the independent public accountant (audit firm) engaged by the borrower to examine the accounts and financial statements of the audit requirements on development loans. The borrower should furnish the audit firm copies of this attachment so that it can familiarize itself with the A.I.D. audit requirements and plan its audit work accordingly.

The audit requirements of development loan agreements are summarized as follows:

I. The scope of each annual audit shall be sufficient to enable the audit firm to express an opinion as to whether or not the financial statements (balance sheet and profit and loss statement) present truly and fairly the financial position of the borrower company and the results of its operations for the period covered by the audit.

II. Three copies of an audit report in the English language and in form satisfactory to A.I.D. shall be submitted, upon completion of each annual audit, directly to the United States Aid Mission to the country involved.

A.I.D. intends to discuss with borrowers any questions that may arise or clarifications that are required regarding the results of audits. There may be instances, however, where A.I.D. would wish to communicate directly with the auditors. Accordingly, the borrower is requested to authorize the audit firm you employ to answer directly to A.I.D. any reasonable requests for information regarding your accounts.

In connection with item II above, the form of audit report to be furnished to A.I.D. is as follows:

1. A short-form report including only the borrower's financial statements and the auditor's certificate (scope of audit and opinion) on the financial statements. If detailed financial statements and the auditor's certificate are included in the borrower company's annual report to its shareholders, regulatory agencies, or others, this part of the audit requirement may be fulfilled by furnishing A.I.D. three copies of such reports to the address shown above.

2. In addition to a short-form audit report described in 1 above, A.I.D. requires the audit firm to submit comments on:

a. The scope of the audit examination and a statement as to whether or not the examination was made in accordance with generally accepted auditing standards of your country. Where generally accepted auditing standards were not adhered to, an explanation should be included as to (i) the nature of the deviation(s) from accepted standards, (ii) the reason(s) therefor, and (iii) the effect, if any, on the auditor's ability to render an unqualified opinion on the financial statements.

b. The results of certain audit procedures customarily performed pursuant to generally accepted auditing standards. Audit procedures on which A.I.D. requests comments include, but are not necessarily limited to, reviewing minutes of meetings of company directors; reviewing the provisions of major contracts and agreements (including the A.I.D. loan agreement); counting cash and all securities and other evidences of ownership on hand at the audit date; direct confirmation of receivables, payables, bank balances, securities held by depositaries, depositors' and mortgagors' account balances, and, where appropriate, payables; observing year-end inventory counts where the investment in inventories is significant in relation to the total assets; and investigating by sampling, testing, or other techniques, financial transactions occurring after the financial statement dates but before the date of your certification. If any of these audit procedures have not been performed, the audit report to A.I.D. should include appropriate comments as to the reason(s) therefor.

c. Accounting principles and practices followed by the company which may have a significant effect on the statement of financial condition and results of operations for the period covered by the audit. Accounting matters on which A.I.D. requests comments include, but are not necessarily limited to, consistency of financial statement presentations for consecutive years; effect on profits, net worth, and total assets of (i) depreciation methods and rates used, (ii) policies and practices on writeoffs of fixed assets or inventory costs in the current or previous years, and (iii) arbitrary adjustments in the value of inventory, property, investments, or other assets; and disclosure of events that have occurred after the financial statement dates, but before the audit certification date, which may have a material adverse effect on the client's financial position.

d. The auditor's evaluation of and particulars on the management and internal controls afforded by the borrower company's accounting, financial, and operating procedures and practices.

e. Significant and unusual accounts in the balance sheet and significant and unusual transactions affecting the profit and loss statement. This information is in lieu of a long-form report on the accounts and need not include comments on balances or transactions which are not significant and/or unusual.

f. The borrower's compliance and/or noncompliance with the covenants and warranties contained in the loan agreement. The borrower's noncompliance with a covenant or warranty or the occurrence of any "event of default" specified by the loan agreement shall be discussed immediately with the borrower and notification given A.I.D. without awaiting the completion of the audit and the preparation of the audit report.

g. Audit reports on examinations of banks and intermediate credit institutions should include comments on the nature of borrower procedures and practices for determining whether or not subloans financed from A.I.D. loan proceeds are used for the purposes authorized in the loan agreement and implementation letters. Satisfaction of this requirement will require selective test-checking by the audit firm of the end-use made by sub-borrowers of development loan proceeds. Comments should cover an evaluation of the borrower's subloan procedures and reports to A.I.D. on subloans, together with a statement of the selective audit tests made by the audit firm to satisfy this requirement.

**BORROWERS SHIPPING STATEMENT**

To: Agency for International Development  
Washington 25, D. C.

Our progress in meeting our obligation under the Loan Agreement to ship on U.S. flag vessels at least fifty percent of the gross tonnage of loan financed goods transported on ocean vessels is as shown in the following tabulation.

Signature			Title			2. Borrower			FOR A.I.D. USE		
1. Shipments From			Gross Tonnage			Freight Cost (U.S. Dollar Equivalent)			Attachment		
			Total Long Tons	U.S. Vessels		Total	Paid With Loan Funds	Supplier Invoice Reference			
PART I - SUMMARY STATEMENT				Long Tons	Percent of Total			1. Number and Date 2. F.O.B. Value of Goods (U.S. Dollar Equivalent)			
Cumulative Totals - Shipments in Previous Quarters.....								-----			
Total - Shipments This Quarter.....								-----			
Cumulative Totals Through This Quarter.....								-----			
PART II - SHIPMENTS THIS QUARTER			(d)	(e)	(f)	(g)	(h)	(i)			
Vessel	Ports	Bill of Lading									
1. Name	1. Exit	1. Date									
2. Registry	2. Destination	2. Description of Cargo									
(a)	(b)	(c)									
<p>Instruction: Two statements are required: one for shipments from the U.S.; one for shipments from other sources. Identify the statement by inserting in Block 1 either "The United States" or "Areas Other Than The United States."</p> <p>Mail two copies of each statement to:                      Agency for International Development                      Bureau for Africa and Europe                      Office of Capital Development and Finance                      Washington 25, D. C.</p> <p>If the tabulation requires more than one page, use continuation sheet(s) in the form illustrated on reverse side of this form.</p>											

Attachment H



DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

June 12, 1964

Secretary to the Treasury  
Government of Uganda  
P. O. Box 103  
Entebbe, Uganda

and

Uganda Development Corporation, Limited  
P. O. Box 442  
Kampala, Uganda

Subject: A.I.D. Loan No. 617-H-001 (A.I.D. 59)  
Uganda Development Corporation, Limited  
Implementation Letter No. 2

Gentlemen:

Reference is made to Section 4.3 of the Borrower-UDC Agreement regarding the stipulation that equipment, material and construction services be procured on a competitive basis, unless A.I.D. agrees otherwise.

Where UDC finds that competitive bidding is not feasible, A.I.D. agrees that Eligible Items can be procured by informal solicitation of offers in accordance with the procedure below, provided that the terms of Section 4.2 as to reasonable price are observed:

1. Informal Solicitation of Quotations. Any purchaser of goods to be financed under the A.I.D. Loan Agreement (i.e., a Sub-borrower from UDC or any person, firms or agency authorized by such Sub-borrower to make purchases with loan proceeds) shall, before placing or agreeing to place any order of more than \$5,000, furnish, in duplicate, by registered air mail to the Office of Small Business, Agency for International Development, Washington, D.C., 20523, the following information:

- (1) A.I.D. Number and Date of Loan Agreement.
- (2) Name of Sub-borrower.
- (3) Name and Address of Purchaser (if different from Sub-borrower).
- (4) Description of proposed purchase, with specifications stated in terms of U.S. standards, giving sizes, quantities, basis of quotation (e.g., whether quotations are to be on FAS Port of Exit, C&F, or other basis), etc., and indicating any special conditions applicable to the purchase. Where description does not include details needed by suppliers to prepare quotations, the purchaser will indicate the address in the U.S. or abroad where such detail is available. The phrase "with specifications

stated in terms of U.S. standards" means: expressed in terminology which is readily understandable by the U.S. commercial trade and which will enable U.S. suppliers to submit quotations without further interpretation.

(5) Quotations will be accepted until \_\_\_\_\_ (Date).

(6) Cabled quotations will ( ) will not ( ) be accepted. If yes, give cable address.

(7) Shipment date, if set.

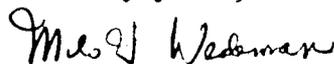
\_\_\_\_\_  
(Name of Purchaser)

\_\_\_\_\_  
(Authorized Representative)

2. The waiting period specified in Section 3 of Attachment C to Implementation Letter No. 1 shall also apply to the informal solicitation of quotations.

A.I.D. will be glad to discuss with your representatives any questions or suggestions you may have concerning the subject of this letter.

Sincerely yours,



Miles G. Wedeman  
Director  
Office of Capital Development  
and Finance  
Bureau for Africa

*Adell*

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
EAST AFRICA REGIONAL CAPITAL DEVELOPMENT OFFICE

UNITED STATES POSTAL ADDRESS  
NAIROBI (ID)  
DEPARTMENT OF STATE  
WASHINGTON, D. C., 20521

INTERNATIONAL POSTAL ADDRESS  
POST OFFICE BOX 30261  
NAIROBI, KENYA

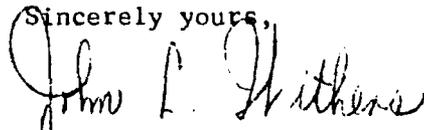
September 21, 1971

Mr. I. Byamugisha  
Secretary to the Treasury  
Ministry of Finance  
P. O. Box 103  
Entebbe, Uganda

Dear Mr. Secretary:

Subject: A.I.D. Loan No. 617-H-001  
Uganda Development Corporation  
Implementation Letter No. 3

I am pleased to inform you that the Terminal Date for Disbursements for the subject loan has been extended to December 31, 1971. Please inform us when the unliquidated balance has been fully utilized.

Sincerely yours,  
  
John L. Withers  
Director, EARCDO

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

July 15, 1966

Secretary to the Treasury  
Government of Uganda  
P.O. Box 103  
Entebbe, Uganda

and

Uganda Development Corporation, Ltd.  
P.O. Box 442  
Kampala, Uganda

SUBJECT: A.I.D. Loan No. 617-H-001 (AID 59)  
Uganda Development Corporation, Ltd.  
Implementation Letter No. 3

Gentlemen:

This letter is intended to update the provision of the Implementation Letter pertaining to ocean vessels ineligible to carry AID-financed cargoes.

In addition to ocean vessels included on the latest "List of Free World and Polish Flag Vessels Arriving in Cuba Since January 1, 1963", ocean vessels included on the latest "List of Free World and Polish Flag Vessels Arriving in North Vietnam on or after January 25, 1966" are also ineligible to carry AID-financed cargoes from the United States. These lists are published from time to time in the Federal Register of the United States by the Maritime Administration of the Department of Commerce. Current lists are maintained by our USAID Mission.

You are requested to remind the contractor(s) as to the prohibition on shipments on vessels which have been designated as ineligible by A.I.D. or which require A.I.D.'s prior approval.

Sincerely yours,

*Albert P. Disler*

*mw* Miles G. Wedeman  
Director  
Office of Capital Development and Finance  
Bureau for Africa

**DEPARTMENT OF STATE**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
WASHINGTON, D.C. 20523

January 29, 1968

Secretary of the Treasury  
Government of Uganda  
P. O. Box 103  
Entebbe, Uganda  
and  
Uganda Development Corporation, Ltd.  
P. O. Box 442  
Kampala, Uganda

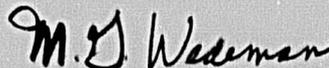
SUBJECT: A.I.D. Loan No. 617-H-001 (AID 59)  
Uganda Development Corporation, Ltd.  
Implementation Letter No. 4

Gentlemen:

Pursuant to the Ministry of Treasury's Acting Officer of Accounts' letter dated December 18, 1967, I am pleased to inform you that A.I.D. hereby authorizes an extension to March 31, 1968 of the final date for requests and an extension to September 30, 1968 of the terminal date for disbursements under Section 5.2 of the Loan Agreement for the Uganda Development Corporation's subloan to the Steel Corporation of East Africa, Ltd.

This extension of the governing Loan Agreement dates will allow A.I.D. to extend the expiration date of Letter of Commitment number 617-H-001-02 to March 31, 1968 as requested by you in your letter cited above. However, the process of extending the Letter of Commitment expiration date usually takes approximately two weeks to accomplish, and it is our intention to notify you in a separate communication of this action having been completed.

Sincerely yours,



Miles G. Wedeman  
Director  
Office of Capital Development and  
Finance  
Bureau for Africa

**DEPARTMENT OF STATE**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
WASHINGTON, D.C. 20523

October 16, 1968

Secretary to the Treasury  
Government of Uganda  
P. O. Box 103  
Entebbe, Uganda

and

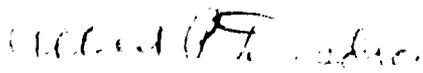
Uganda Development Corporation, Ltd.  
P. O. Box 442  
Kampala, Uganda

SUBJECT: A.I.D. LOAN NO. 617-H-001 (AID 59)  
Uganda Development Corporation, Ltd.  
Implementation Letter No. 5

Gentlemen:

In response to your Treasury's Office of Accounts' letter, dated September 11, 1968, I am pleased to advise you that A.I.D. extends the Terminal Date for Disbursements under the referenced loan to June 30, 1969.

Sincerely yours,

  
Albert P. Biedler  
Acting Director  
Office of Capital Development  
and Finance  
Bureau for Africa

**DEPARTMENT OF STATE**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
WASHINGTON, D.C. 20523

May 23, 1969

Secretary to the Treasury  
Government of Uganda  
P.O. Box 103  
Entebbe, Uganda

and

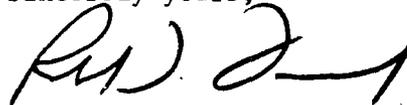
Uganda Development Corporation, Ltd.  
P.O. Box 442  
Kampala, Uganda

SUBJECT: A.I.D. Loan No. 617-H-001 (AID 59)  
Uganda Development Corporation, Ltd.  
Implementation Letter No. 6

Gentlemen:

This letter is to advise you that the reporting requirement specified in Sections V-1 and V-2 of Implementation Letter No. 1, dated April 9, 1964, is hereby rescinded. This action is conditional on the continuing preparation and submission of the Corporation's bi-monthly and annual reports, as well as the Quarterly Shipping Report required by Section V-4 of Implementation Letter No. 1.

Sincerely yours,



Robert T. Freeman, Jr.  
Director  
Office of Capital Development  
and Finance  
Bureau for Africa

*TW*

**DEPARTMENT OF STATE**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
WASHINGTON, D.C. 20523

August 20, 1969

Secretary of the Treasury  
Government of Uganda  
P.O. Box 103  
Entebbe, Uganda  
and  
Uganda Development Corporation, Ltd.  
P.O. Box 442  
Kampala, Uganda

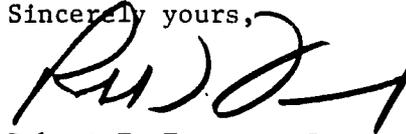
SUBJECT: A.I.D. Loan No. 617-H-001 (AID 59)  
Uganda Development Corporation, Ltd.  
Implementation Letter No. 7

Gentlemen:

Pursuant to the Ministry of Finance's Ag. Commissioner/Treasury Officer of Accounts' letter dated June 14, 1969, A.I.D. hereby authorizes an extension to October 31, 1969, of the final date for requests and an extension to December 31, 1969, of the terminal date for disbursements under Section 5.2 of the Loan Agreement for the Uganda Development Corporation.

This extension of the governing Loan Agreement dates will allow A.I.D. to extend the expiration date of Letter of Commitment number 617-H-00108 to October 31, 1969, as requested by you in your letter cited above. However, the process of extending the Letter of Commitment expiration date usually takes approximately two weeks to accomplish, and it is our intention to notify you in a separate communication of this action having been completed.

Sincerely yours,



Robert T. Freeman, Jr.  
Director  
Office of Capital Development  
and Finance  
Bureau for Africa