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A.I.D. Loan No. 663-H-012

663-22-230-144/37

F I R S T A M E N D M E N T

to

Loan Agreement

between

THE IMPERIAL ETHIOPIAN GOVERNMENT

and

UNITED STATES OF AMERICA

for

The Agricultural & Industrial Development Bank, S.C.

(A-I)

*Handwritten signature*

Date: April 26, 1971

FIRST AMENDMENT

The Loan Agreement among the Imperial Ethiopian Government ("Government"), the AGRICULTURAL AND INDUSTRIAL DEVELOPMENT BANK, S.C., an Ethiopian Corporation ("Borrower"), and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D."), dated August 17, 1967, and modified by the Novation Agreement dated April 9, 1971, is hereby amended as follows:

1. Section 1.1 is modified by deleting the words "United States" after the words "in financing the" and substituting therefor the words "foreign exchange."

2. Section 1.2 is modified by deleting the words "and (ii) professional services" and substituting therefor the words "(ii) short-term agricultural loans by Borrower to individuals or entities in Ethiopia in order to promote an increase in agricultural output, and (iii) professional services".

3. Section 4.1(a) is deleted in its entirety and the following substituted therefor:

"SECTION 4.1. Source of Procurement for Goods.

(a) Except as A.I.D. may otherwise agree in writing, all goods financed hereunder shall have their source and origin in Ethiopia and/or countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into therefor. Goods shall be deemed to have their source and origin in the countries

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ASHENAFI SHIFERAW  
VICE MINISTER

ASAFA DEMISSIE  
MANAGING DIRECTOR  
(Minister of State)

included in Code 941 if they are mined, grown or produced in Code 941 countries and are shipped either directly from Code 941 countries to Ethiopia or from Code 941 countries to a free port or bonded warehouse and thereafter shipped to Ethiopia in the same form in which received at such free port or bonded warehouse; provided, however, that no goods which are produced in Code 941 countries shall be deemed to have their source and origin in Code 941 countries if they contain any components from a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of procurement or if they contain components imported into Code 941 countries from countries included in Code 935 and acquired by the producer in the form in which they were imported and the total cost of such components delivered at the point of production amounts to more than fifty percent (50%) of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the goods available for export sale. Goods shall be deemed to have their source and origin in Ethiopia if they are mined, grown or produced in Ethiopia and they do not contain any component from a country not included in A.I.D. Geographic Code 935."

4. Section 4.2(a) is deleted in its entirety and the following substituted therefor:

  
ASAFA DEMISSIE  
MANAGING DIRECTOR  
(Minister of State)

  
ASHENAFI SHIFERAW  
VICE MINISTER



SECTION 4.2 Source of Procurement for Services.

(a) Except as A.I.D. may otherwise agree in writing, services to be financed hereunder shall be procured as follows:

- (1) Transportation services shall be procured from carriers registered in a country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.
- (2) Marine insurance shall be purchased on a competitive basis in Ethiopia or in any country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of purchase.
- (3) All other services to be financed hereunder including services which are to be performed under any engineering or construction contract or such professional services as provided for in Section 1.2, shall have their source and origin in Ethiopia and/or countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time contracts are entered into.

5. Section 4.7 is modified by adding after the words "United States-flag commercial vessels," the words "unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for United States flag commercial vessels."

6. Section 5.1(a) is modified by deleting the words "United States dollars" and substituting therefor the words "foreign exchange."

7. All references in the Loan Agreement to the words "Agreement,"

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"Loan Agreement", or "this Agreement" shall be deemed to mean the Loan Agreement as hereby amended.

8. Except as specifically modified and amended hereby, and by the Novation Agreement dated April 9, 1971, the Loan Agreement dated August 17, 1967, shall remain in full force and effect.

IN WITNESS WHEREOF, Government, Borrower, and the United States of America have executed this First Amendment on the \_\_\_\_\_ day of \_\_\_\_\_ 1971.



THE IMPERIAL ETHIOPIAN GOVERNMENT  
By Asfaw Demisse  
ASHENAFI SHIFERAW  
Title VICE MINISTER

AGRICULTURAL AND INDUSTRIAL DEVELOPMENT BANK, S.C.  
By Asafa Demissie  
ASAFA DEMISSIE  
Title MANAGING DIRECTOR  
(Minister of State)

UNITED STATES OF AMERICA  
By R. Ernst  
Roger Ernst  
Title Director, USAID/Ethiopia

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

His Excellency  
Ato Mulatu Debebe, Chairman  
Ethiopian Investment Corporation  
P. O. Box 2004  
Addis Ababa, Ethiopia

July 18, 1966

SUBJECT: AID Loan Number 663-H-012  
Ethiopian Investment Corporation  
Implementation Letter No. 1

Excellency,

This letter, which shall become effective on the date of the execution of the Loan Agreement, sets forth the procedures for utilizing the proceeds of the Loan and provides information to assist the Ethiopian Investment Corporation (EIC) in implementing the project 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 the 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 to Disbursement of Loan Proceeds,  
(Section 3. of Loan Agreement)

Attachment A, Guide for Counsel of Borrower, is provided to assist your Counsel in preparing the legal opinions required by Sections 3.1.(a), 3.1.(c) and 3.1.(d) of the Loan Agreement. In addition, please note that Sections 3.1.(e) and 3.1.(f) require certifications by Counsel.

Pursuant to Section 3.1.(e), it is requested that the EIC submit certified copies of its Memorandum of Association, Articles of Association, and such other documentation as is considered to constitute its charter and by-laws. A summary statement of the investment policies and procedures of the EIC is also required by this Section.

In regard to Section 3.1.(h), which establishes the list of categories of industrial and modern agricultural activities in which Investments may be made, we wish to point out that AID funds may not normally be used to finance the following categories:

- a. Manufacture of luxury items for local consumption;
- b. Manufacture of intoxicating liquors;
- c. Production of agricultural or other commodities in world surplus.

We draw your attention to the fact that the terminal date for fulfillment of the conditions precedent, specified in Section 3.2., is 90 days from the date of the Loan Agreement.

II. Approvals Required by AID (Section 6.2.(b))

A. Investments

In accordance with Section 6.2.(b) of the Loan Agreement, prior AID approval will be required of any Investment, or series of Investments, in a single corporation or entity of which more than \$100,000 is financed under the Loan. The type and amount of information that will be required to secure such approval will vary with each Investment. However, when submitting proposed Investments for approval, the EIC is requested at a minimum to provide the information requested in Attachment B, Summary Statement on Proposed Sub-Loan Requiring Prior AID Approval. If such Investments are to include equity holdings, the information provided should be expanded appropriately. The EIC may satisfy this requirement by submitting a copy of the memorandum to its Board of Directors upon which EIC approval of the proposed Investment is based if this document provides the information required by Attachment B. In some instances, especially in connection with the larger and more complex proposed Investments, A.I.D. may wish to review implementing documents such as procurement contracts.

B. Professional Services

Also in accordance with Section 6.2.(b), prior A.I.D. approval will be required of any use of Loan funds to engage professional services costing over \$25,000.

III. Procurement of Eligible Items

A. Source of Goods (Section 4.1.)

To be eligible for financing under the Loan, goods must have their source in the United States or Ethiopia as defined by Section 4.1. of the Loan Agreement.

B. Source of Services (Section 4.2.)

In order to be financed under the Loan, transportation services and marine insurance must be of U.S. source as defined in Section 4.2.(a)(1) and 4.2.(a)(2), respectively.

In accordance with Section 4.2.(a)(3), all other services to be financed under the Loan, including architectural, engineering, construction, and professional services, shall have their source in the U.S. or, to the extent specifically authorized in writing by A.I.D., in Ethiopia. Services shall be deemed to have their source in the U.S. if provided by U.S. firms or individuals. An entity is deemed a U.S. firm if it is (i) incorporated or legally domiciled in the United States, (ii) has its principal place of business in the United States, and (iii) is more than 50% beneficially owned by U.S. firms and/or U.S. citizens.

Services to be provided from the funds that are made available under the loan for procurement in Ethiopia may be from any one or more of the following firms or joint ventures of such firms:

- a. A United States firm as defined above;
- b. A firm which is at least 95% beneficially owned by U.S. firms and/or U.S. citizens and has its principal place of business in the United States or in Ethiopia.

- c. A firm which is incorporated or legally domiciled in Ethiopia, has its principal place of business in Ethiopia and either is more than 50% beneficially owned by citizens and/or firms of Ethiopia, and/or U.S. citizens and/or firms, or is determined by the U.S. AID Mission to Ethiopia to be an intergral part of the Ethiopian economy.
- d. A firm which is incorporated or legally domiciled in Ethiopia, has its principal place of business in Ethiopia, has substantial participation in its management by U.S. citizens and is at least 30% beneficially owned by a U.S. firm or firms and/or citizens and the remainder by a firm or firms and/or citizens of Ethiopia.

C. Geographic Code Classification of Source Countries

Code 935, referred to in various section of the Loan Agreement, is described in the A.I.D. Geographic Code Book, which is available for reference at our US AID Mission in Addis Ababa and at our headquarters in Washington.

D. Publicizing Procurement (Section 4.5)

1. Notification of Proposed Procurement of Goods and Services.

EIC is requested to furnish A.I.D. with information on prospective procurement financed under the Loan involving orders of more than \$5,000 to any one supplier. At such time in the course of processing an Investment application as it appears the EIC will give the application serious consideration, the EIC should furnish to A.I.D. the information specified in Attachment C, Borrower's Notice to U.S. Business Regarding Proposed Procurement of Goods, or; as regards procurement of services, such information as may be appropriate to advertize the prospective procurement.

EIC's submission and our publication of this information for the use of interested U.S. suppliers in no way commits EIC to act favorably in making the Investment 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 applicants, although there may be instances where A.I.D. may require them to submit additional data. A.I.D. requests that EIC inform its applicants that they will be expected to respond to inquiries from U.S. suppliers and to meet their requests for details that would permit the suppliers to present quotations or bids on the proposed procurement.

2. Notice of Intended Contract Procurement

The EIC shall assure that a Notice of Intended Contract Procurement for all construction contracts financed under the Loan is prepared for publication in the United States in order to assure that U.S. firms are adequately appraised of pending invitations to bid. Such notice should be submitted to A.I.D. for publication in accordance with Attachment D, Borrower's Notice to U.S. Business of Intended Contract Procurement.

E. Ocean Shipping Limitations (Section 4.7)

1. In regard to the provisions of Section 4.7 of the Loan Agreement, ocean vessels included in the latest "List of Free World and Polish Flag Vessels Arriving in Cuba since June 1, 1963" and/or the latest "List of Free World or Polish Flag Vessels Arriving in North Viet Nam on or after January 25, 1966" are ineligible to carry A.I.D. - 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. The USAID Mission in Ethiopia maintains 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.

2. While compliance with the A.I.D. 50-50 shipping requirement is necessary, you may elect to exceed that minimum. To the extent that U.S. flag vessels are utilized for the shipment of Eligible Items, ocean freight is payable from the Loan proceeds. Therefore, all freight charges may be financed under the Loan if they are incurred for shipments on U.S. flag vessels. However, the Loan cannot be utilized for the payment of freight charges on non-U.S. flag vessels.

IV. Disbursement Procedures and Documentation (Section 5.1)

A. Letter of Commitment

In accordance with Section 5.1.(a) of the Loan Agreement, A.I.D. anticipates that the financing of the U.S. procurement of Eligible Items will be made through the Letter of Commitment Procedure. Attachment E-1, Disbursement of Loan Funds, Letter of Commitment Procedure describes the procedure for requesting the issuance of Letters of Commitment, actions to be taken after they are issued, and the documentation required by A.I.D. as a basis for disbursement of Loan funds. To the extent feasible a single Letter of Commitment, amended from time to time as necessary, will be utilized for the Project. However, it is anticipated that separate Letters of Commitment will be opened to finance certain of the larger Investments. We suggest that you request issuance of an initial Letter of Commitment for \$250,000 which we will issue following fulfillment of the conditions precedent set forth in Section 3.1.

B. Local Cost Financing

In accordance with Section 5.1.(b), reimbursement for local costs eligible for financing under the Loan will be made through the Special Letter of Credit arrangement between the Imperial Ethiopian Government and A.I.D. pursuant to an agreement between the EIC and the Imperial Ethiopian Government. The documentation required for reimbursement of such eligible costs is cited in Attachment E-2, Local Currency Expenditure Procedures.

C. Banking Charges

If EIC wishes banking charges to be financed under the Loan pursuant to Section 5.1.(d), it should specifically request A.I.D. to include such charges under Letters of Commitment or Special Letters of Credit when requesting their issuance or opening.

V. Records and Reports

A. Records

In accordance with Section 8.1. of the Loan Agreement, records on EIC Investments shall be kept for three years after the final repayment of subloans or the sale of equity holdings. Records concerning the financial conditions of the EIC shall be kept until the Loan is fully repaid.

B. Reports

Pursuant to Section 8.2. of the Loan Agreement, please forward three copies of the following reports to our USAID Mission in Addis Ababa writing the periods specified.

1. Quarterly Reports

These reports should conform to calendar quarters and should be received by A.I.D. within forty-five days of the end of each quarter in which the first Letter of Commitment is issued. The EIC may wish to submit copies of internal quarterly reports in lieu of the following prescribed reports if such internal reports satisfy the information requirements herein requested.

(a) Summary of Investments Involving A.I.D. Funds During Quarter

The information on new Investments made during the reporting quarter is to be presented in accordance with the Tabular format of Attachment F, Summary of Investments Involving A.I.D. Funds.

(b) Reports on Investments Involving Special Problems

For each Investment with which you have had special problems during the quarter under review, please furnish an explanation of the circumstances and cite the actions taken towards solving the problem. In cases in which the Investment is in whole or in part in the form of a subloan, identify the subloan with one of the following five general problem areas as appropriate:

- (i) Need to extend due date for payment of interest and/or principal
- (ii) Cancellation of subloans.
- (iii) Subloans placed in default due to non-payment of interest or principal and indicate the amount of the outstanding unpaid balance.
- (iv) Subloans placed in default for reasons other than non-payment of interest or principal; indicate the reason(s) for the default.
- (v) Subloans previously reported in default and which still remain in default; indicate actions taken with respect to these defaulted loans.

C. Status of Applications for Investments Under Intensive Review by Bank

The information which is to be presented on each proposed Investment under intensive review is specified in Appendix G, Status of Investment Applications Under Intensive Review. Where a proposed Investment is under A.I.D. review, make reference to this fact and indicate the length of time it has been under such review.

D. Significant Changes in Bank Personnel, Organization, Operation, and Any Change in Ownership of Stock.

Please report all changes by name and title, of any key members of the management and engineering staffs. In addition, any transfer of stock ownership is to be reported. If no change occurred during the reporting quarter, please furnish a negative report.

E. Quarterly Borrowers Shipping Statement

This statement is required until all shipping under the loan has been completed. Attachment H, Borrowers Shipping Statement, contains the format for this report. The Summary Statement, Part I. should give the cumulative actual tonnages shipped, beginning with the initial report through the month of the last report, for U.S. and non-U.S. flag vessels, by category of vessel, as applicable.

If the summary indicates a lag in compliance with Section 4.7 of the Loan Agreement, a statement should be included indicating how the deficit in shipping on U.S. flag vessels will be made up.

2. Annual Report

A financial report is to be submitted to A.I.D. annually until the loan is fully repaid. It is to include a detailed Balance Sheet, Profit and Loss Statement, and an Analysis of Surplus and Retained Earnings, setting forth the Bank's true and fair financial condition and the results of its operations. Please furnish also a statement reporting all compensation paid during the reporting period to directors, officers and executive employees. In addition, please include a statement indicating the contribution of your operations during the year to the economic development of Ethiopia, and a summary statement of the investment portfolio.

Pursuant to Section 8.1., the annual financial statements are to be certified by independent public accountants satisfactory to A.I.D. Attachment I on Audit Requirements contains information designed to assist you in selecting and making arrangements with accountants for this purpose.

Please submit your annual financial report within 120 days of the end of the reporting period. If the detailed financial statements mentioned above will normally be included in existing reports to your Board of Directors or to stockholders, and these financial statements are to be duly audited and certified by public accountants acceptable to A.I.D., such reports may be submitted to meet these requirement.

VI. Information and Marking

Pursuant to Section 7.2 of the Loan Agreement, the EIC is requested to arrange for the marking of equipment and materials financed through Investments under 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 J, Marking Requirements-Goods and Shipping Containers, and Attachment K, Signs at Project Sites.

VII. Correspondence

All documentation, reports, and correspondence concerning this loan must be in English and should be forwarded to A.I.D. Washington through our USAID Mission in Addis Ababa.

We will be pleased to discuss with your representative any aspects of the Loan or any matter relating to this letter or its attachments.

Sincerely yours,



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

Attachments:

- A. Guide for Counsel of Borrower (7/66)

- B. Summary Statement on Proposed Sub-Loan Requiring Prior A.I.D. Approval (8/62)
- C. Borrower's Notice to U.S. Business Regarding Proposed Procurement of Goods (3/64)
- D. Notice to U.S. Business of Intended Contract Procurement (7/66)
- E-1. Disbursement of Loan Funds, Letter of Commitment Procedure (7/65)
- E-2. Local Currency Expenditure Procedures (5/64)
- F. Summary of Investments Involving A.I.D. Funds (7/66)
- G. Status of Investment Application Under Intensive Review (7/66)
- H. Borrowers Shipping Statement (10/62)
- I. A.I.D. Audit Requirements (9/63)
- J. Marking Requirements - Goods and Shipping Containers (9/62)
- K. Signs at Project Sites (9/63)

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

Attachment     A    

GUIDE FOR COUNSEL OF BORROWER

Among the conditions precedent to financing under the Loan Agreement, A.I.D. requires an opinion of the Legal Counsel of the Borrower to the effect that the Loan Agreement is legal and binding. In preparing the required legal opinion please be guided by the following criteria:

1. The legal opinion should reach, in substance, the essential conclusions concerning the legality and enforceability of the Loan Agreement that are specified under "Conditions Precedent" in the Loan Agreement.

2. A.I.D. will look for an explanation of the legal basis on which such conclusions were reached. This should include a citation of the basic legal authority for entering into the Agreement, a verification of the authority of the signator to sign for the Borrower, and an affirmative representation that all requirements of law have been met to make the Loan Agreement or the actions taken pursuant to it valid and binding.

3. A.I.D. will expect counsel to include relevant excerpts in English from the Constitution, statutes, executive orders or decrees, public notices, etc., relied upon in such opinion.

Two copies of the legal opinion, in English, should be provided to A.I.D. by the Borrower without delay so as to facilitate disbursement of Loan proceeds.

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

Attachment   B  

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 terms 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

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.

Attachment  D

NOTICE TO U.S. BUSINESS OF INTENDED CONTRACT PROCUREMENT

1. The Borrower shall assure that a Notice of Intended Contract Procurement is prepared for publication in the United States, for each construction contract financed in order to ensure that U.S. firms are adequately apprised of pending invitations for bids, to encourage competition, and to promote participation by qualified firms.

2. Content and Format of Notice

a. The Notice shall briefly describe the project, the type of construction involved, the estimated starting and target completion dates, the type of contract contemplated - fixed price (lump-sum or unit-price), bid and performance bond requirements, and whether the procurement will be open to U.S. firms alone or to U.S. and other firms.

b. Lines of the text shall be double spaced.

c. Borrower's identification. Beginning with the second line of the text the Borrower should state its name and address. Abbreviations should not be used. The address should provide the name and title of an official to whom prospective bidders can reply.

d. The Notice shall indicate whether prequalification of bidders is required, and should instruct firms wishing to be considered to promptly advise the Borrower.

e. It should make clear that invitations for bids will be available to, and bids will be accepted from, only those firms which give evidence in their response that they have successfully completed construction of similar projects.

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

DISBURSEMENT 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 banks 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 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 amount previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; (c) the amount being invoiced for payment; (d) the total value of goods delivered (including shipping and related costs) and separately the total value of technical or other non-commodity related services performed under the contract as of the date of the invoice; (e) the total value of goods delivered, (including shipping and related costs) broken down by calendar year and quarter of shipment, since the date of the previous invoice and the total value of technical or other non-commodity related services performed since the date of the previous invoice. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.

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

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 contract financed out of A.I.D. loan funds, in addition to documentation provided in paragraph A. of this part, a certification, signed by the applicant, 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 of the invoice, identifying the covering contract and showing (a) the total value of the contract (excluding escalation); (b) the total of amount previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; (c) the amount being invoiced for payment; (d) the total value of goods delivered (including shipping and related costs) and separately the total value of technical or other non-commodity related services performed under the contract as of the date of the invoice; (e) the total value of goods delivered, (including shipping and related costs) broken down by calendar year and quarter of shipment, since the date of the previous invoice and the total value of technical or other non-commodity related services performed since the date of the previous invoice. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.
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 authorized representative of the Borrower; in the case of consulting engineering contracts, to be executed by an authorized representative of the Borrower. The certificate should read 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 amount previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; (c) the amount being invoiced for payment; (d) the total value of goods delivered (including shipping and related costs) and separately the total value of technical or other non-commodity related services performed under the contract as of the date of the invoice; (e) the total value of goods delivered, (including shipping and related costs) broken down by calendar year and quarter of shipment, since the date of the previous invoice and the total value of technical or other non-commodity related services performed since the date of the previous invoice. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.
  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 Contract 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 of the invoice, identifying the covering contract and showing (a) the total value of the contract (excluding escalation); (b) the total of amount previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; (c) the amount being invoiced for payment; (d) the total value of goods delivered (including shipping and related costs) and separately the total value of technical or other non-commodity related services performed under the contract as of the date of the invoice; (e) the total value of goods delivered, (including shipping and related costs) broken down by calendar year and quarter of shipment, since the date of the previous invoice and the total value of technical or other non-commodity related services performed since the date of the previous invoice. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.

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

LOCAL CURRENCY EXPENDITURE PROCEDURES

The A.I.D. mission to the Borrower's country (USAID) may disburse local currency for commodities and services procured from local suppliers as authorized in the Agreement. Required documentation is submitted to the USAID and disbursement is made by the USAID through either (a) reimbursement to the Borrower for payments made by it with its own funds, or (b) payment to the supplier or contractor through the Borrower. Either procedure may be followed, but the Borrower must in advance notify A.I.D. of its preference. Both methods of disbursement constitute expenditures against the loan.

Requests to A.I.D. for payment shall be submitted by the Borrower on a monthly basis (unless otherwise specified in the implementation letter), in the form and supported by documents as described herein, unless waived in writing by A.I.D.

I. Payment of Local Currency Costs by A.I.D. Reimbursement to the Borrower.

A. Monthly the Borrower will submit the following documentation to A.I.D. for reimbursement for the cost of commodities and services procured with local currency:

1. Voucher, SF 1034. The original and two copies, prepared by the Borrower in the total amount for which reimbursement is requested and identified with the A.I.D. loan number.

2. Request for Reimbursement. The requests shall be in the form attached as Exhibit A. Each request shall be dated, identified with A.I.D. loan number, and signed by an authorized representative of the Borrower.

3. Summary Claim for Reimbursement. A summary listing of the expenditures for which reimbursement is requested shall be prepared in an original with two copies in the form attached as Exhibit B. Each listed expenditure amount for which reimbursement is requested shall be numbered, dated, and briefly described so as to be readily identified with the number, date and description of the documentation to which it relates. The summary claim must bear the certification of the consulting engineer (or other A.I.D.-approved entity) that the claim is reasonable and that the services and/or commodities specified are appropriate and required for the Project. It must also bear evidence of approval by the Borrower.

4. Supplier's Detailed Invoice. (Covers both commodities and services). One copy or photostat, showing quantity, description, net sales price (after deducting discounts and purchasing agents' commissions), and bearing supplier's evidence of receipt of payment.

5. Source Certification. (Covers commodities only).

a. When Local Procurement is Financed with Local Currency Acquired under a Special Letter of Credit.

In regard to any commodities procured in the Borrower's country and financed with local currency acquired under a Special Letter of Credit, such commodities must have been mined, grown or produced in the Borrower's country and cannot contain any components imported from countries not included in A.I.D. Geographic Code 936.

The following certification of "source" must be attached to or endorsed on each invoice in excess of the local currency equivalent of \$500 which is presented for payment. It must be signed by the supplier or his authorized representative:

I (We) hereby certify that the commodities listed on the attached invoice or invoiced herein were mined, grown or produced in \_\_\_\_\_ (insert name of country) and that any produced commodities do not contain components imported from countries not included in A.I.D. Geographic Code 936. I (We) understand that a commodity is produced when through manufacturing, processing, or substantial and major assembling of components, a commercially recognized new commodity results that is substantially different in basic characteristics or in purpose or utility from its components.

Source Country of Commodities \_\_\_\_\_

Authorized Signature of Supplier \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

b. When Local Procurement is Finance with Local Currency Generated by Other Means.

Source limitations will be specified in appropriate supplemental instructions to the Borrower.

6. Works Progress Certificate. (For progress payments for services and commodities). One copy, signed by the contractor/supplier, in the following form attached to, or endorsed on, the contractor's/supplier's 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, if any, is \_\_\_\_\_; and (3) the undersigned is complying with the terms and conditions of said contract.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

Authorized Representative of Contractor/Supplier

7. Certificate of Performance. (For services rendered and commodities received). Each copy of the Voucher, SF 1034, must be supported by the certificate, to be executed by the Borrower's consulting engineer or other authorized representative; in the case of consulting engineering contracts, to be executed by an authorized representative of the Borrower. The certificate should read as follows:

The undersigned certifies that:

- (1) services billed have been satisfactorily rendered;
- (2) the costs thereof are properly payable and the fees earned, in accordance with the terms of the contract; and
- (3) any reports or recommendations required under the terms of the contract have been received and are satisfactory; and further,
- (4) that commodities billed have been received; and the commodities are appropriate and required for the Project.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

Consulting Engineer (or Borrower's Representative)

Borrower's Approval:

Signature \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

.....  
The Borrower should endorse the certificate of performance as provided above before presenting it with the documents for payment.

II. Payment by A.I.D. to Supplier or Contractor through the Borrower.

A. Description of Method.

1. Contractor/Supplier prepares documentation required for payment.

2. Borrower's consulting engineer (or authorized representative of the Borrower) approves documents by executing a certificate of performance.

3. Monthly the Borrower presents approved documents to the USAID for payment.

4. USAID reviews documentation, and if documents are appropriate for payment, issues check payable to contractor/supplier and forwards check to the Borrower.

B. Documentation Required for Payment.

1. Voucher SF 1034. The original and two copies, prepared by the supplier, in the total amount for which payment is requested and identified with the loan number (to be furnished by the Borrower.)

2. Supplier's Detailed Invoice. The original and two copies of the supplier's detailed invoice as described in I.A.4, above, but with supplier's certificate that payment has not been received.

3. Source Certification. A certification as to the source of the commodities, as specified in Section I.A.5, above.

4. Works Progress Certificate (for services and commodities); As specified in Section I.A.6, above.

5. Certificate of Performance (for services and commodities); As specified in Section I.A.7, above.

Attachments:

Exhibit A - Request for Reimbursement

Exhibit B - Summary Claim for Reimbursement

Exhibit A

REQUEST FOR REIMBURSEMENT

Serial No. \_\_\_\_\_

Pursuant to Loan Agreement No. \_\_\_\_\_ dated \_\_\_\_\_ 19 \_\_\_\_\_  
the Name of Borrower hereby requests and certifies as follows:

1. The Borrower requests A.I.D. to reimburse it for expenditures totaling \_\_\_\_\_ and, on the basis of such reimbursement, to make a dollar charge against the loan.
2. The amount requested is to reimburse the Borrower for expenditures made by the Borrower in procuring goods and services authorized by the Loan Agreement and identified in the summary listing of expenditures which is attached hereto and which is accompanied by the documentation required by A.I.D. to support such reimbursement.
3. The Borrower has not heretofore applied for or received reimbursement for the costs of any of the items for which reimbursement is requested, and will not obtain such reimbursement out of the proceeds of any other loan, credit, or grant available to the Borrower.
4. Where pursuant to the Loan Agreement, some portion of the total payment for the specific goods and services covered herein is to be met from other than A.I.D. sources, the Borrower certifies that the total payment was \_\_\_\_\_ of which the sum of \_\_\_\_\_ was borne by \_\_\_\_\_.

(Signed) \_\_\_\_\_

Title \_\_\_\_\_  
(Authorized Representative  
of Borrower)

Date \_\_\_\_\_



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

SUMMARY OF INVESTMENTS INVOLVING A.I.D. FUNDS DURING QUARTER ENDING

Investment Number 1/	Name and Address of Recipient Corporation or Entity	Total 2/ Investment	Source of Funds	Date Authorized	Loans		Grace Period	Equity Participation		
					Amount	Rate		Date	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

1/ Attach on a separate sheet a brief narrative description of each project, its scope and purpose. Include the following: (a) For expansion of existing plant indicate: if it is introduction of new production facilities; expansion of present rate of productive capacity (from \_\_\_\_\_ to \_\_\_\_\_); increased efficiency; reduction of operational costs; etc.; (b) For new plant: Provide data on planned capacity. No narrative description is required for investments which have received prior A.I.D. approval; for such investments, please indicate date of A.I.D. letter of approval.

2/ When other than A.I.D. funds were also used in the EIC investment being reported, detail the financing from each source as a separate line item across columns 3-11. A final line item indicating the totals for the over-all investment should also be provided.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON 25, D. C.STATUS OF INVESTMENT APPLICATIONS UNDER INTENSIVE REVIEW AS OF QUARTER ENDING

<u>Name and Address of Applicant</u> (1)	<u>Nature of Business</u> (2)	<u>Date Received</u> (3)	<u>Investment Being Considered</u>				<u>Remarks</u> (9)	
			<u>Total</u> (4)	<u>AID Funds</u>		<u>Other Funds</u>		
				<u>Loan</u> (5)	<u>Equity</u> (6)	<u>Loan</u> (7)		<u>Equity</u> (8)

**BORROWERS SHIPPING STATEMENT**

To: Agency for International Development  
Washington, D. C. 20523

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.

2. Borrower	FOR A.I.D. USE
3. Loan Number	Attachment
4. Date Submitted	Implementation Letter
5. For Quarterly Period Ended (Date)	Date Received
	Date Copy to Trans.

Signature	Title	Gross Tonnage			Freight Cost (U.S. Dollar Equivalent)		Supplier Invoice Reference
		Total Long Tons	U.S. Vessels		Total	Paid With Loan Funds	
1. Shipments From			Long Tons	Percent of Total			1. Number and Date 2. F.O.B. Value of Goods (U.S. Dollar Equivalent)
<b>PART I - SUMMARY STATEMENT</b>							
Cumulative Totals - Shipments in Previous Quarters.....							-----
Total - Shipments This Quarter.....							-----
Cumulative Totals Through This Quarter.....							-----
<b>PART II - SHIPMENTS THIS QUARTER</b>							
		(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><b>Instruction:</b> 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, D. C. 20523</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>							



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

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 A.I.D. 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 it employs to answer directly to A.I.D. any reasonable requests for information regarding its 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 item 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 (1) the nature of the deviation(s) from accepted standards, (2) the reason(s) therefor, and (3) 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 (1) depreciation methods and rates used, (2) policies and practices on writeoffs of fixed assets or inventory costs in the current or previous years, and (3) 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.

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.

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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.

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

January 28, 1969

*BR*  
*17*

His Excellency  
Ato Mulatu Debebe, Chairman  
Ethiopian Investment Corporation  
P.O. Box 2004  
Addis Ababa, Ethiopia

SUBJECT: A.I.D. Loan No. 663-H-012  
Ethiopia Investment Corporation  
Implementation Letter No. 2

Excellency:

In an attempt to simplify procedures under the subject loan, we issue this letter as a replacement to Section D paragraph No. 1 of page 4-5, and to Attachment C of Implementation Letter No. 1, dated July 18, 1966. The referenced sections dealt with publication and bidding procedures under A.I.D.-financed procurement. We propose to substitute the following procedures:

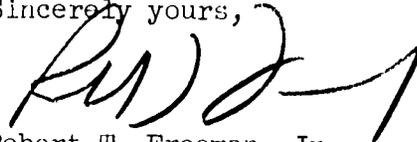
To meet the requirements of Section 4.5 of the Loan Agreement, no less than every six months please submit to A.I.D. a list of projects, within the approved categories, which you may subsequently finance under this loan. For each project list the type of equipment likely to be needed with as much detail as is available. We will publish this information in the United States for the benefit of U.S. suppliers who may wish to furnish appropriate commodities and services. Such U.S. suppliers will be advised to write directly to you, providing technical data and pricing information useful to sub-borrowers in planning their projects and in inviting offers. You should retain this information and make it available to prospective sub-borrowers so that they may select required items for procurement, select the most competitive suppliers for each item of procurement and place orders accordingly. You should also counsel sub-borrowers to make sure they are investigating competitive situations sufficiently to obtain the lowest possible prices for the desired item(s) of procurement. We request that the first list presented for publication be submitted within 45 days of receipt of this letter.

*1-30-69*  
*1-30-69*  
*1-30-69*  
*1-30-69*  
*1-30-69*

The above procedure is furnished to you in the belief that prospective sub-borrowers may not have sufficient information to compile detailed bid specifications. Should such specifications exist it would probably be in our mutual interest to act under the old procedure to assure the widest possible publicity. However, where such specifications do not exist, E.I.C. will be asked, under the above new procedure, to assist essentially in compiling a library of information on U.S. manufacturers for the benefit of prospective and actual sub-borrowers.

The USAID Mission in Addis Ababa is being asked to regularly assist you in working out this new procedure. Particularly will they have responsibility to confirm that competitive situations are being considered and that sub-borrowers are procuring items in a fair and competitive manner. A.I.D. reserves the right to require on a case-by-case basis more detailed procurement procedures, similar to those previously required, on sub-loans of over U.S. \$100,000.

Sincerely yours,

A handwritten signature in black ink, appearing to read "R. T. Freeman, Jr.", written over the typed name.

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