-PD-ABJ-643 ISN-91290

LOAN AGREEMENT

BETWEEN

CARIBBEAN BASIN CORPORATION

and the

UNITED STATES OF AMERICA

Acting through the

AGENCY FOR INTERNATIONAL DEVELOPMENT

Project No. 940-0002.41
Loan No. 598-S-006
Date: September 28, 1984

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LOAN AGREEMENT

This loan agreement ("Agreement") is entered into this 28th day of September, 1984 by and between Caribbean Basin Corporation, a corporation organized and existing under the laws of Delaware, ("Borrower") and the United States of America, acting through the Agency for International Development ("A.I.D.").

Recitals

WHEREAS, A.I.D. wishes to assist in development of strong and diversified market economies in Latin America and the Caribbean; and

WHEREAS, A.I.D. wishes to assist in the start-up and expansion of small and medium-sized businesses in Latin American and Caribbean countries, particularly in agriculture (including aquaculture), health and nontraditional exports; and

WHEREAS, A.I.D. and the Borrower contemplate that the Borrower, prior to any disbursement hereunder, will assign all its rights and obligations under this Agreement to Caribbean Basin Investment Corporation ("CBIC"), a limited liability company to be formed under the laws of Panama, at which time CBIC shall become the "Borrower" for all purposes under this Agreement; and

WHEREAS, A.I.D., the Borrower and CBIC intend that an additional One Million Three Hundred Thousand U.S. Dollars ($1,300,000) will be added to the amount of the loan hereunder during the year following execution of this Agreement, subject to the availability of funds and the parties agreement to proceed; and

WHEREAS, the Borrower and CBIC wish to arrange and make investments and loans to finance such businesses, subject to the terms of this Agreement; and

WHEREAS, A.I.D. and the Borrower intend that, upon the Borrower's satisfactory performance under this Agreement for a period of approximately six to twelve months, and upon A.I.D. and the Borrower developing mutually acceptable criteria for the development impact a subproject must have to qualify for financing under this Agreement, the current requirement that the development impact and financial soundness of all non-Satellite Farming subprojects be approved by A.I.D. prior to disbursement will be eliminated;

NOW, THEREFORE, A.I.D. and the Borrower (hereinafter collectively termed the "Parties") agree as follows:

Article 1: The Agreement

The purpose of this Agreement is to set forth the obligations and understandings of the Parties with respect to the financing and execution of the Project as defined below.

Article 2: Definition of Terms

Section 2.1. "Eligible Costs." Except as A.I.D. may otherwise agree in writing, Eligible Costs means Local Currency Costs and the cost of goods and services which have their Source and Origin or Nationality in the United States or countries included in A.I.D. Geographic Code 941.

Section 2.2. "Eligible Country." A Country located in Latin America or the Caribbean which, on the date of the subloan, receives assistance from A.I.D.

Section 2.3. "Local Currency Costs." The costs of goods and services indigenous to the Eligible Country where the Qualified Subproject will be executed. Indigenous goods are those mined, grown, produced, manufactured or processed in such country. If the locally produced, manufactured or processed goods contain imported components, to fit within this definition, a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its imported components. Locally produced, manufactured or processed goods containing imported components from non-free world sources are excluded from this definition. Indigenous services are those performed by citizens of the Eligible Country where the affected Qualified Subproject will be executed or firms organized under the laws of the Eligible Country and whose principal place of business is such Eligible Country and for suppliers of services only with at least fifty percent (50%) ownership by persons with citizenship of such Eligible Country; except that, the cost of construction services is a Local Currency Cost if the construction firm is "an integral part of the Eligible Country's economy," defined as follows: (a) it has done business in the Eligible Country on a continuing basis for at least three (3) years; (b) it is capable of undertaking the services required; (c) all, or substantially all, of its directors of local operations, senior staff and operating personnel are residents in the Eligible Country; and (d) most of its operating equipment and physical plant are in the Eligible Country. Local Currency Costs also include imported shelf items, which are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the Eligible Country for the item and not goods which have been specifically imported for use in the Qualified Subproject. Any imported component from a non-free world country makes an item ineligible for financing as a Local Currency Cost. Imported shelf items may be mined, grown or produced in any country included in A.I.D. Geographic Code 941. Up to a maximum amount of the equivalent of $250,000 of imported shelf items whose unit cost does not exceed $5,000 may be mined, grown, produced, manufactured or processed in any country included in A.I.D. Geographic Code 899.

Section 2.4. "Motor Vehicles." Self-propelled vehicles with passenger carriage capacity such as highway trucks, passenger cars an buses, motorcycles, scooters, motorized bicycles and utility vehicles. Excluded from this definition are industrial vehicles for materials handling and earth moving such as lift trucks, tractors, graders, scrapers, and off-the-highway trucks.

Section 2.5. "National (Nationality)." An individual shall be deemed a National of an Eligible Country if, and only if, such individual is a citizen or legal resident of that country, and not a citizen or a legal resident of any non-Code-941 country; a corporation shall be deemed a National of an Eligible Country if the majority of its stock is owned by nationals of such country, and neither its domicile nor its principal place of business lie in a non-Code-941 country.

Section 2.6. "Origin." The country in which a good is produced.

Section 2.7 "Prior Approval Period." The time period between the Execution Date and the date upon which A.I.D. notifies the Borrower, if such notice is given, that A.I.D. prior approval of the developmental and environmental impact of the non-Satellite Farming subprojects under Sections 6.1(g) and 6.3(e) and the financial soundness of such subprojects under Sections 6.1(i) and 6.3(g) is no longer required as a condition precedent to disbursement.

Section 2.8. "Project." The Project, which is further described in Annex A, will consist of the Borrower's loans to and equity investments in Qualified Subprojects (as defined in Section 2.10 below) in Latin America and the Caribbean which promote development objectives consistent with A.I.D. and host country policies. The subprojects will be in activities related to agriculture (including aquaculture), health or nontraditional exports. Subprojects may be financed in any Eligible Countries. A.I.D.'s contribution to the Project will consist of up to One Million Two Hundred Thousand United States ("U.S.") Dollars ($1,200,000) in loan funds, and the Borrower's contribution will consist of an amount at least as great as A.I.D.'s contribution in equity or debt subordinated as to principal and interest to the loan made hereunder. If the Parties agree, A.I.D. may increase the amount of its contribution in which case the Borrower's contribution will increase the same amount.

Section 2.9. "Qualified Pre-Investment Expenses." Expenses incurred by the Borrower in developing Qualifying Subprojects that include substantial Satellite Farming operations.

Section 2.10. "Qualified Subprojects." Except as A.I.D. may otherwise agree in writing, subprojects having the following characteristics:

(a) The subproject is carried out primarily in an Eligible Country as defined in Section 2.2, and at least twenty-five percent (25%) of the equity of the subproject is held by Nationals of such Eligible Country;

(b) The net fixed assets of the subproject before the loan or investment made with proceeds of the loan under this Agreement, calculated according to standard accounting practices, excluding land and buildings, are less than Seven Hundred Thousand U.S. Dollars ($700,000);

(c) The subproject is a new business or the expansion of an existing business that is engaged primarily in agriculture (including aquaculture), health-related activities or the export of products not traditionally exported by the country in which the subproject is carried out;

(d) None of the equity of the subproject is owned by any government or parastatal body;

(e) The amount of the investment in or loan to the subproject attributable to the A.I.D. Loan does not exceed twenty-five percent (25%) of the total cash capitalization of the subproject (in determining the amount of total cash capitalization for purposes of this subsection, no funds obtained directly or indirectly from U.S. Government agencies, other than the proceeds of this Loan, shall be included);

(f) The amount of the investment in or loan to the subproject attributable to the A.I.D. Loan does not exceed fifty percent (50%) of the Borrower's total participation in the subproject (in determining the amount of the Borrower's total participation for the purposes of this subsection, no funds obtained directly or indirectly from U.S. Government agencies or any publicly owned development institutions, other than the proceeds of this Loan, shall be included);

(g) The amount of the investment in the subproject attributable to the A.I.D. Loan does not exceed $500,000; and

(h) The subproject does not consist substantially of an activity restricted in Section 8.8 or Section 8.9 of this Agreement.

Section 2.11 "Satellite Farming." A farming operation in which a substantial portion of the crops are grown by small independent farmers and in which a private processing, marketing or nucleus estate operation serves as a source of new technology, extension services, inputs (seed, fertilizer, etc.), direct or indirect credit, processing and marketing.

Section 2.12. "Source." The country from which a good is shipped.

The definitions contained in Article 2 or elsewhere in this Agreement shall apply throughout this Agreement and all attached Annexes except as otherwise expressly provided or as the context otherwise clearly indicates.

Article 3: Resources for the Project

Section 3.1. The Loan. A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to make available to the Borrower under the terms of this Agreement an amount not to exceed One Million Two Hundred Thousand U.S. Dollars ($1,200,000) ("Loan"). Except as A.I.D. may agree otherwise in writing, the Loan will be available for disbursement ("Availability Period") for up to four and one-half (4-1/2) years following the date of the execution of this Agreement ("Execution Date"). The Loan may be used solely (1) to finance the Eligible Costs of Qualified Subprojects, and (2) to pay up to One Hundred Thousand U.S. Dollars ($100,000) in Qualified Pre-Investment Expenses incurred by the Borrower during the four and one-half (4-1/2) years following the Execution Date. As a further limitation on the Borrower's ability to use the Loan to pay Qualifying Pre-Investment Expenses, the Borrower shall not use the Loan to pay more than fifty percent (50%) of the Qualifying Pre-Investment Expenses incurred during any single year. The remaining fifty percent (50%) or more of such expenses shall be paid from equity, or debt subordinated as to principal and interest to the Loan, from non-governmental and non-parastatal sources.

Section 3.2. Borrower Resources for the Project.

(a) The Borrower agrees to provide to each subproject, whether in the form of a loan or an equity contribution or any combination thereof, financing in an amount equal to at least twice the amount of the A.I.D. Loan proceeds that the Borrower received in connection with the subproject. The Borrower further agrees to provide all resources necessary, except the amount of Qualified Pre-Investment Expenses which A.I.D. agrees to pay above, to carry out the Project effectively, in a timely manner, and consistent with the terms of this Agreement.

(b) The Borrower unconditionally agrees to repay the Loan under the terms and conditions of this Agreement.

Article 4: Loan Terms

Section 4.1. Interest. The Borrower will pay to A.I.D. interest on the outstanding principal balance which will accrue at a rate equal to twelve and seven-tenths percent (12.7%) per annum. Interest on the outstanding balance will accrue from the date of the first disbursement hereunder and will be compounded semi-annually. Interest shall be payable in a single lump-sum payment five years after the Execution Date, if not paid sooner.

Section 4.2. Repayment of Principal. The Borrower will repay to A.I.D. the entire principal in a single lump-sum payment five (5) years after the Execution Date, if not paid sooner.

Section 4.3. Interest Rate After Default. If A.I.D., upon the occurrence of an Event of Default, declares all principal, interest and fees immediately due, or if A.I.D. notifies the Borrower of the occurrence of an Event of Default which the Borrower does not cure within ten (10) days of the receipt of such notice, then interest on the outstanding balance shall immediately upon such acceleration or the expiration of such ten (10) day period and without any further notice to the Borrower, begin to accrue at the rate of three percent (3%) per annum plus the interest rate provided in Section 4.1 until all amounts owing under this Agreement have been paid. Notwithstanding the foregoing interest rate after default, if the Event of Default which has occurred is the Borrower's failure to pay the entire principal and interest owing five (5) years after the Execution Date, then whatever interest remains unpaid will be treated as principal, and the total amount of the unpaid principal and interest will thereafter bear interest at Citibank's officially announced prime rate in effect on the date of such Event of Default plus six percent (6%) per annum which interest rate will be adjusted quarterly to cover the immediately ensuing quarter. Interest accrued under this section will be compounded quarterly until all amounts owing are paid.

Section 4.4 Drawdown Schedule, Commitment Fee. The Borrower agrees that it will draw down no less than One Million Two Hundred Thousand U.S. Dollars ($1,200,000) by the later of eighteen (18) months after the Execution Date or twelve (12) months after the end of the Prior Approval Period, which later date is hereafter termed the "First Drawdown Date." The Borrower also agrees that, if the amount of the Loan is increased, it will draw down no less then the entire amount of the Loan by the later of twenty-four (24) months after the Execution Date or eighteen (18) months after the end of the Prior Approval Period, which later date is hereinafter termed the "Second Drawdown Date." The Borrower will pay a fee ("Commitment Fee") calculated and payable as follows: (1) one and one-half percent (1-1/2%) of the amount by which One Million Two Hundred Thousand U.S. Dollars ($1,200,000) exceeds the cumulative disbursements on the First Drawdown Date, which amount is payable within thirty (30) days of the First Drawdown Date; and (2) if the amount of the Loan is increased, two percent (2%) of the amount by which the total amount of the Loan as augmented less the amount of the shortfall upon which the Commitment Fee was calculated on the First Drawdown Date exceeds the cumulative disbursements on the Second Drawdown Date, which amount is payable within thirty (30) days of the Second Drawdown Date; and (3) one percent (1%) per annum on any uncancelled amounts of the Loan remaining undisbursed after the Second Drawdown Date, which amount will accrue on a daily basis and be payable quarterly beginning three (3) months after the Second Disbursement Date. Notwithstanding the foregoing, no Commitment Fee shall be payable or accrue if the Prior Approval Period does not terminate. A.I.D. shall have the right, at any time between the First and Second Drawdown Dates, to reduce the amount of its commitment to lend under this agreement by the amount by which One Million Two Hundred Thousand U.S. Dollars ($1,200,000) exceeds the cumulative disbursements prior to the date of such reduction of commitment. A.I.D. shall have the right, at any time after the Second Drawdown Date, to terminate any further commitment it may have to lend under this Agreement.

Section 4.5. Application, Currency, and Place of Payment. All payments of amounts owing under this Agreement including principal, interest and fees shall be made in U.S. Dollars and shall be applied first to the payment of fees then to interest due and then to principal. Except as A.I.D. may otherwise specify in writing, payments shall be made by electronic funds transfer to the Federal Reserve Bank of New York by specifying a Credit to U.S. Treasury, New York City, A.I.D. Agency Location Code 72000001, A.I.D. Loan Number 598-S-006, in payment on the referenced Loan.

Section 4.6. Prepayment. At any time when the Borrower is current on all payments, the Borrower may prepay all or any part of the principal and interest without penalty. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied first to fees then to accrued interest and then to principal.

Section 4.7. Termination on Full Payment. Upon payment in full of all amounts owing under this Agreement, the Agreement and all obligations of the Borrower and A.I.D. under it will immediately cease.

Section 4.8. A.I.D. Security Interest. The Borrower agrees that it will grant A.I.D. a security interest ("A.I.D. Security Interest") in all the Borrower's rights ("A.I.D. Collateral"), now existing or hereafter arising, in any subproject financed in any part by funds made available under this Agreement whether such rights arise from equity investments in or loans to such subprojects. The A.I.D. Collateral shall include any rights the Borrower has against any collateral securing or guarantor guarantying loans to subprojects. The A.I.D. Security Interest will be further evidenced and defined by such other documents as A.I.D. may reasonably deem appropriate ("Security Documents"). The A.I.D. Security Interest will be perfected such that it will remain valid and enforceable in any bankruptcy, receivership or insolvency proceeding of the Borrower or upon sale or other disposition and such that A.I.D.'s interest in the A.I.D. Collateral is prior to any other claim or interest except those claims or interests specifically afforded priority over all security interests by the governing law. The A.I.D. Security Interest will secure all the Borrower's obligations under this Agreement and shall cover all proceeds of the A.I.D. Collateral.

Article 5: Representations and Warranties

The Borrower hereby represents and warrants as follows:

Section 5.1. Organization, Existence, Etc. of Borrower. The Borrower is a corporation duly organized and validly existing under the laws of Delaware. The Borrower is qualified to do business in each jurisdiction where the conduct of its business requires such qualification, and it has full power, authority and legal right to carry out its business as presently conducted, to execute, deliver and perform this Agreement, the Security Documents and all other documents which this Agreement contemplates will be executed by the Borrower.

Section 5.2. Authorization. The execution and delivery by the Borrower of this Agreement have been duly authorized by all necessary action of the Borrower. The Borrower's performance of its obligations under this Agreement with respect to each borrowing will be authorized by all necessary action of the Borrower prior to the Borrower's request for such borrowing. The Borrower's execution, delivery and performance under this Agreement do not contravene any law, regulation, rule or order binding on the Borrower, and do not contravene the provisions of or constitute a default under any indenture, mortgage, contract or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its properties may be bound or affected.

Section 5.3. Government Approvals, Etc. No approval, permit, license, authorization, certificate, or consent of the government of any country where any subproject is carried out, or any political subdivision of any such government of any branch, department, agency, instrumentality, court, tribunal or regulatory authority which constitutes a part or exercises any sovereign power of any such government, (hereinafter collectively termed "Governmental Authority"), is required for the making and performance by the Borrower of this Agreement, except such as have been heretofore obtained and are in full force and effect or will be obtained prior to any disbursement hereunder relating to such subproject, provided, however, such Governmental Authority approval need not be obtained prior to a disbursement to the extent the disbursement is used to pay Qualified Pre-Investment Expenses.

Section 5.4. Binding Obligations, Etc. This Agreement has been duly executed and delivered by the Borrower and constitutes, and the Security Documents when duly executed and delivered will constitute, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

Section 5.5. Litigation. There are no actions, proceedings, investigations or claims against or affecting the Borrower now pending before any court, arbitrator or Governmental Authority (or to the knowledge of the Borrower has any thereof been threatened nor does any basis exist therefor) which, if determined adversely to the Borrower, would be likely to have a material adverse effect on the financial condition or operations of the Borrower, or to impair or defeat the A.I.D. Security Interest.

Section 5.6. Financial Condition. The financial information about the Borrower which has been furnished to A.I.D., fairly represents the financial condition of the Borrower as of such dates and the results of their operations for the periods then ended. The Borrower does not have, on the date of this Agreement, any contingent liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in the above-referenced financial information.

Section 5.7. Title and Liens. The Borrower has good and marketable title to all its properties and assets. No assets or revenues of the Borrower are subject to any lien except as required or permitted by this Agreement.

Section 5.8. Taxes and Certain Other Debts. The Borrower has filed all tax returns and reports required of it, has paid all taxes which are due and payable, and has provided adequate reserves for payment of any tax whose payment is being contested. There are no disputes or questions between the Borrower and any Government Authority with respect to any taxes except as previously disclosed to A.I.D. in writing. The Borrower has also paid all obligations which have priority, under governing law, over the A.I.D. Security Interest.

Section 5.9. Lien Priority. Before requesting any disbursement under this Agreement, all actions necessary to perfect the A.I.D. Security Interest will have been taken such that the A.I.D. Security Interest shall have the characteristics stated in Section 4.8 above as soon as the Borrower obtains rights in the A.I.D. Collateral.

Section 5.10. Other Agreements. The Borrower is not in material breach of or in default under any agreement to which it is a party or which is binding on it or its assets other than those being contested in good faith and for which reserves have been established in accordance with generally accepted accounting principles.

Section 5.11. Representations as a Whole. This Agreement and any of the documents referred to herein, taken as a whole, do not, and will not when executed, contain any untrue statements of material fact or omit to state any material fact necessary in order to make the statements contained herein or therein not misleading. The facts and circumstances of which the Borrower has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of the Borrower's obligations under this Agreement. The Borrower will inform A.I.D. in a timely manner of any subsequent facts and circumstances that materially affect, or that it is reasonable to believe will so affect, the Project or the Borrower's discharge of its obligations under this Agreement.

Article 6: Conditions Precedent

Section 6.1. Conditions Precedent to Initial Disbursement. The obligation of A.I.D. to make the initial disbursement under the Loan is subject to the fulfillment of each of the following conditions precedent in form and substance satisfactory to A.I.D., except as A.I.D. may agree otherwise in writing:

(a) An opinion of counsel retained by the Borrower acceptable to A.I.D. that all the Borrower's representations in Sections 5.1, 5.2, 5.3, 5.4, 5.5 and 5.7 are true and correct, and that all actions necessary to perfect the A.I.D. Security Interest have been taken

such that the A.I.D. Security Interest shall have the characteristics stated Section 4.8 above as soon as the Borrower obtains rights in the A.I.D. Collateral;

(b) An opinion by special counsel retained by A.I.D. stating that the A.I.D. Security Interest has the characteristics stated in Section 4.8 above and covering such other matters relating to this Agreement as A.I.D. may reasonable request;

(c) A statement of the name of the person holding or acting in the Office of the Borrower specified in Section 11.2 and of any additional representative of the Borrower, together with a specimen signature of each person specified in such statement;

(d) Evidence that all actions necessary for the perfection of the A.I.D. Security Interest in accordance with Section 4.8 have been taken, which evidence shall include but not be limited to proof of the filing of any financing statements necessary, or deemed necessary by A.I.D., to perfect the A.I.D. Security Interest;

(e) A document ("Statement of Investment and Operating Policy") covering, among such other topics as A.I.D. may reasonably request, (i) an operating budget acceptable to A.I.D., (ii) a management team and implementation plan acceptable to A.I.D., (iii) a capital structure acceptable to A.I.D., and (iv) procedures for handling the real or potential conflict of interest entailed by the Borrower's investment in joint ventures with shareholders of the Borrower and an operating budget all of which is acceptable to A.I.D.;

(f) Certification by the Borrower that the Borrower has identified a Qualifying Subproject to which the requested disbursement will be on-lent or in which the requested disbursement will be invested;

(g) Either a certification by the Borrower that Satellite Farming (as defined in Section 2.11) constitutes a substantial part of the subproject for which the disbursement is requested, or for non-Satellite Farming subprojects, evidence that the subproject for which the disbursement is requested will have a developmental impact acceptable to A.I.D. on the country in which the subproject is located. (The factors that A.I.D. will consider in determining whether the proposed subproject will have an acceptable developmental impact include, but are not limited to, the factors stated in Annex A hereto. After A.I.D. has determined, within its sole discretion, that the Borrower's performance under the Agreement reasonably demonstrates that the Borrower understands and is willing to give effect to the types of development impact that A.I.D. considers essential in subprojects financed under this Agreement, and furthermore after A.I.D. and the Borrower have agreed on a mutually acceptable set of criteria to determine a subproject's eligibility for financing hereunder, then A.I.D. will notify the Borrower that evidence of subproject developmental impact need no longer be presented to and approved by A.I.D. prior to

disbursement. After such notification, this Section 6.1(g) may be satisfied for all proposed subprojects, whether or not they involve Satellite Farming, by submission to A.I.D. of the Borrower's certification that the proposed subproject satisfies the developmental criteria to which the Parties have agreed.);

(h) Evidence that the Borrower has received, or has a commitment for, an equity capital and/or subordinated debt contribution to the Borrower from sources other than the U.S. Government or a publicly-owned development institution in an amount no less than the amount of the disbursement requested, and that the Borrower is contractually obligated to lend or invest such contribution to the subproject for which the disbursement is requested;

(i) In the event that the initial disbursement requested is intended to finance a non-Satellite Farming subproject proposed during the Prior Approval Period, financial and credit information about the proposed subproject that demonstrates, to A.I.D.'s reasonable satisfaction, the financial soundness of the proposed subloan or investment;

(j) In the event that the initial disbursement requested is intended to finance a non-Satellite Farming subproject proposed during the Prior Approval Period, a determination by A.I.D. that the proposed subproject satisfies A.I.D. environmental impact requirements;

(k) Evidence that CBIC has been duly incorporated under the laws of Panama;

(l) An agreement under which CBIC assumes all rights and obligations of the Borrower under the Loan Agreement and makes with respect to itself all representations and warranties contained herein;

(m) In the event that the initial disbursement requested is intended to finance Qualifying Pre-Investment Expenses, then in lieu of the matters required by Section 6.1 (f), (g), (h), (i) and (j); (1) information about the potential subproject or subprojects in connection with which the Qualified Pre-Investment Expenses will be incurred, (2) a budget stating how such amounts will be expended, (3) evidence that the Borrower has received a commitment for equity capital and/or subordinated debt contributions to the Borrower from sources other than the U.S. Government or a publicly-owned development institution totaling no less than the amount of the requested disbursement, and (4) a certification that at least fifty percent (50%) of all Qualifying Pre-Investment Expenses incurred will be paid with such equity capital or subordinated debt contributions;

(n) A Request and Certificate in the form of Annex B attached hereto;

(o) A guaranty xecuted by a person or entity acceptable to A.I.D. guarantying the Borrower's payment of all Commitment Fees and Cancellation Fees owing under this Agreement.

Section 6.2. Terminal Dates for Conditions Precedent for Initial Disbursement. If all of the conditions specified in Section 6.1 (except Section 6.1 (n) have not been met within one hundred eighty (180) days of the Execution Date, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

Section 6.3 Conditions Precedent to Subsequent Disbursements. The obligation of A.I.D. to make any subsequent disbursements under the Loan is subject to the fulfillment of each of the following conditions precedent in form and substance satisfactory to A.I.D., except as A.I.D. may agree otherwise in writing:

(a) A Request and Certificate in the form of Annex B attached hereto;

(b) A representation that the Borrower has, since the Execution Date, carried out the Project as contemplated hereunder;

(c) A representation by the Borrower that, to the best of its knowledge, the A.I.D. Security Interest continues to be valid, enforceable, and perfected as contemplated by Section 4.8 above;

(d) Evidence and a certification by the Borrower that the Borrower has identified a Qualifying Subproject to which the requested disbursement will be on-lent or in which the requested disbursement will be invested;

(e) Either a certification by the Borrower that Satellite Farming (as defined in Section 2.11) constitutes a substantial part of the subproject for which the disbursement is requested; or for non-Satellite Farming subprojects, evidence that the subproject for which the disbursement is requested will have a developmental impact acceptable to A.I.D. on the country in which the subproject is located. (The factors that A.I.D. will consider in determining whether the proposed subproject will have an acceptable developmental impact include, but are not limited to, the factors stated in Annex A hereto. After A.I.D. has determined, within its sole discretion, that the Borrower's performance under the Agreement reasonably demonstrates that the Borrower understands and is willing to give effect to the types of development impact that A.I.D. considers essential in subprojects financed under this Agreement, and furthermore after A.I.D. and the Borrower have agreed on a mutually acceptable set of criteria to determine a subproject's eligibility for financing hereunder, then A.I.D. will notify the Borrower that evidence of subproject developmental impact need no longer be presented to and approved by A.I.D. prior to disbursement. After such notification, this Section 6.3(e) may be

satisfied for all proposed subprojects, whether or not they involve Satellite Farming, by submission to A.I.D. of the Borrower's certification that the proposed subproject satisfies the developmental criteria to which the Parties have agreed.);

(f) Evidence that the Borrower has received, or has a commitment for, cumulative equity capital and/or subordinated debt contributions from sources other than the U.S. Government or government-owned or parastatal-owned development institutions totaling no less than the cumulative amount of the disbursements received prior to the requested disbursement plus the amount of the requested disbursement, and that the Borrower is contractually obligated to lend to or invest in the subproject for which the disbursement is requested an amount equal to twice the amount of the disbursement requested;

(g) With respect to disbursements for non-Satellite Farming subprojects proposed during the Prior Approval Period, financial and credit information about the proposed subproject that demonstrates, to A.I.D.'s resaonable satisfaction, the financial soundness of the proposed subloan or investment;

(h) With respect to disbursements for non-Satellite Farming Subprojects proposed during the Prior Approval Period, a determination by A.I.D. that the proposed subproject satisfies A.I.D. environmental impact requirements;

(i) In the event that the disbursement requested is intended to finance Qualifying Pre-Investment Expenses, then in lieu of the matters required by Section 6.3 (d), (e), (f), (g) and (h); (1) information about the proposed subproject or subprojects in connection with which the Qualified Pre-Investment Expenses will be incurred, (2) a budget stating how such amounts will be expended, (3) evidence that the Borrower has received a commitment for equity capital and/or subordinated debt contributions to the Borrower from sources other than the U.S. Government or a publicly-owned development institution totaling no less than the amount of the requested disbursement, and (4) a certification that at least fifty percent (50%) of all Qualifying Pre-Investment Expenses incurred will be paid with such equity capital or subordinated debt contributions;

Article 7: General Covenants

Section 7.1. Project Evaluation. The Parties agree to cooperate on an A.I.D.-conducted evaluation program as part of the Project. The program may include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project. A.I.D. shall bear its costs involved in such evaluation.

Section 7.2. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties will exchange views in accordance with the consultations provisions of Annex A and as otherwise reasonably requested by A.I.D.

Section 7.3. Execution of Project. The Borrower shall:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section 7.4. Reports, Records, Inspections, Audit. The Borrower shall:

(a) comply with the reporting and consultation requirements detailed in part III of Annex A and furnish A.I.D. such further information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, Borrower's books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Loan. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained except as A.I.D. may otherwise agree in writing, until the Loan has been fully repaid by the Borrower;

(c) afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect Borrower's books, records, and other documents relating to the Project and the Loan to verify that Project funds are being used in accordance with the terms and conditions of this Agreement.

Section 7.5. Information and Marking. The Borrower will give appropriate publicity to the Loan and the Project as a program to which the United States has contributed and identify the Project as financed partially by A.I.D., as may be requested in Project Implementation Letters, as described in Section 11.3 below.

Article 8: Special Covenants

Section 8.1. Covenant of Non-Subordination. The Borrower confirms that the Loan is not and shall not be subordinated to any other indebtedness of the Borrower now existing or hereinafter incurred, except as A.I.D. may otherwise agree in writing.

Section 8.2. Other Borrowing. The Borrower covenants that it will not borrow any funds from any source other than A.I.D. unless such other borrowing is subordinated as to principal and interest to the A.I.D. Loan or is approved by A.I.D. in writing.

Section 8.3. Additional Security Documentation. The Borrower agrees to execute such additional documentation ("Security Documents") as A.I.D. may reasonably request related to the creation and perfection of the A.I.D. Security Interest.

Section 8.4. Consultation with Mission. The Borrower agrees to consult with the A.I.D. Mission in the country in which each subproject is to be carried out. Such consultation shall occur early in the investment appraisal process.

Section 8.5. Limitation on Dividends. The Borrower agrees that it will not distribute any dividend to any shareholders or make any distribution on its capital or purchase, redeem or otherwise acquire any shares of the Borrower or any option over such shares until all amounts lent under this Agreement have been repaid.

Section 8.6. Disposition of Cash Flow from Subprojects. The Borrower may receive cash flow from its investments in or loans to subprojects in the form of earnings on investments, loan payments or otherwise. The cash flow the Borrower receives from subprojects during the year following the first disbursement hereunder or any year thereafter is hereinafter termed the "Annual Subproject Cash Flow." The Borrower may use up to One Hundred Fifty Thousand U.S. Dollars ($150,000) of any year's Annual Subproject Cash Flow to pay operating expenses approved by A.I.D. in the Statement of Operating and Investment Policy. Any year's Annual Subproject Cash Flow in excess of that amount shall be paid to A.I.D. within thirty (30) days of receipt. A.I.D. will apply such payments first to accrued interest and then to principal.

Section 8.7. Adherence to Policy Statement. The Borrower shall adhere to the Statement of Investment and Operating Policy, as amended from time to time and approved by A.I.D.

Section 8.8. Specific Restrictions. The Borrower covenants that no portion of the A.I.D. Loan shall be used, unless A.I.D. agrees in writing, to finance enterprises involving the production, processing or marketing of sugar, palm-oil, cotton, or citrus, in whole or in part, for export; or to finance Motor Vehicles, as defined in Section 2.4, not manufactured in the United States; or to finance luxury goods or gambling equipment, policy, other law enforcement, or military activities, materials for explosives, surveillance equipment, abortion equipment and services, or weather modification equipment.

Section 8.9. Use of Pesticides. The Borrower covenants that none of the funds provided under this Agreement shall be used for the purchase, application, or manufacture of pesticides, unless a clearance for such activity has been obtained in advance under A.I.D.'s environmental regulations; and that the requirements of this covenant shall be implemented in the loan or investment agreements between the Borrower and its subprojects.

Section 8.10. Eligible Costs. The Borrower covenants that during the term of this Agreement not less than the equivalent of the entire amount disbursed under this Agreement will be used to finance Eligible Costs.

Section 8.11. Competition. The Borrower covenants that no more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Loan. Such items will be procured in accordance with sound commercial practices, and, to the extent practicable, on a competitive basis. The requirements of this Section will be specified in the subject to the Borrower's Statement of Investment and Operating Policy.

Section 8.12. Use of Loan Proceeds. The Borrower agrees to use loan proceeds only to finance subprojects that meet all the elements of the definition of Qualified Subproject or Qualified Pre-Investment Expenses. The Borrower shall lend or invest the entire amount of each disbursement, less the amount used to finance Qualified Pre-Investment Expenses, to the subproject for which the disbursement was requested within ten (10) business days of the date the disbursement is made.

Section 8.13. Local Ownership of Subprojects. In addition to the twenty-five percent (25%) local ownership requirement for Qualifying Subprojects stated in Section 2.10(a), the Borrower covenants that at all times the sum of the amounts of equity in each subproject held by Nationals of the Eligible Countries in which the subprojects are to be carried out shall be no less than forty percent (40%) of the sum of the amounts of all equity and subordinated debt in each subproject.

Section 8.14. A.I.D. Right of Approval. The Borrower covenants that A.I.D. may disapprove any purchases of fifteen percent (15%) or more of the Borrower's equity, or any replacements for Jack E. McGregor as Chairman. A.I.D. will base its decision as to approval or equity purchasers on considerations of moral fitness only.

Article 9: Disbursements

Section 9.1. Disbursement Mechanism. After satisfaction of conditions precedent as set forth in Section 6.1 (except Section 6.1(n)), the Borrower may obtain disbursement of funds under the Loan by submitting to A.I.D. a document ("Request and Certificate"), in the form set forth in Annex B. The Borrower shall submit each Request and Certificate directly to The A.I.D. Washington, D.C. Office. Such

submission shall be addressed to The Office of Financial Management, A.I.D., FM/LMD, Room 619, SA-12, Washington, D.C. 20523. A.I.D. shall disburse the funds directly into the Borrower's bank account in any bank in the United States as the Borrower shall direct. Each submission of a Request and Certificate shall be deemed, in addition to the representations contained therein, a renewal of all representations and warranties contained in Article 5 as of the date of such submission.

Section 9.2. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Parties agree to in writing.

Section 9.3. Date of Disbursement. Disbursements by A.I.D. will be deemed under any of the foregoing procedures to occur on the date A.I.D. disburses the funds into the Borrower's bank account.

Article 10: Cancellation, Events of Default, Remedies

Section 10.1. Cancellation by Borrower. The Borrower may, by giving A.I.D. thirty (30) days written notice, cancel any part of the Loan which has not been disbursed, but only after the borrower has paid any Commitment Fee that has accrued at the time such notice is given and in addition a fee ("Cancellation Fee") calculated as follows:

(a) If notice of cancellation is given before the First Draw Down Date, then the Cancellation Fee shall equal the amount of the Commitment Fee that would have accrued on such date if the Borrower had neither cancelled nor obtained any further disbursements of the Loan;

(b) If the notice of cancellation is given between the First and Second Drawdown Dates, then the Cancellation Fee shall equal the amount of the Commitment Fee that would have accrued on the Second Drawdown Date if the Borrower had neither cancelled nor obtained any further disbursements of the Loan.

If such cancellation occurs when no other amounts are owing under this Agreement, then the Borrower shall have no further obligations hereunder.

Section 10.2. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement regardless of the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority.

(a) Payment Default. The Borrower shall fail to pay when due any amount of principal or interest on the Loan or any other amount payable by the Borrower under this Agreement; or

(b) Breach of Warranty. Any representation, certification or warranty made by the Borrower under or in connection with this Agreement, including but not limited to representations made in Article 5 hereunder or any Request and Certificate shall prove to have been incorrect when made or deemed made in accordance with Section 9.1; or

(c) Breach of Covenant. The Borrower shall fail to comply with any covenant or other material obligation contained in this Agreement; or

(d) Insolvency, Etc. The Borrower shall admit in writing its inability to pay its debts or shall voluntarily suspend its business operations, or to make a general assignment for the benefit of creditors; or any proceeding shall be instituted by the Borrower in any jurisdiction seeking to adjudicate it a bankrupt or insolvent, seeking reorganization, arrangement, adjustment or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee or other similar official for it or for such part of its property as in the reasonable opinion of A.I.D. is a substantial part; or any such proceeding is instituted against the Borrower which is not dismissed within reasonable time in the jurisdiction of or within whose venue the matter falls after the institution thereof; or the Borrower shall take action to authorize any of the actions set forth above in this paragraph (d); or

(e) Adverse Events. Any event shall have occurred which, in A.I.D.'s reasonable opinion, makes it improbable that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or

(f) Legality. Any event (including but not limited to a change in the legislation governing A.I.D.) shall have occurred making any disbursement by A.I.D. a violation of such legislation; or

(g) A.I.D. Security Interest. A.I.D. determines that, for any reason, the A.I.D. Security Interest is no longer valid, enforceable and perfected as contemplated in Section 4.8 above; or

(h) Cross-Default. The Borrower shall have failed (i) to pay when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any indebtedness to any person or entity other than indebtedness created by this Agreement, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or (ii) to perform any term, condition or covenant required to be performed by it under any agreement or instrument after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform is to permit the acceleration of the maturity of such indebtedness.

Section 10.3. Consequences of Default. Upon the occurrence of an Event of Default which is not cured within ten (10) days of the Borrower's notice or knowledge of such event, A.I.D. may at its sole option, in addition to any other remedies provided by governing laws:

(a) Immediately terminate, or suspend and at any time thereafter terminate, A.I.D.'s obligation to make any further disbursements under the Loan; and/or

(b) Accelerate and declare immediately due all or any part of the outstanding principal, interest and fees, under this Agreement. All without any presentment, demand or protest of any kind, all of which are expressly waived by the Borrower.

Section 10.4 Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all principal and interest hereunder.

Section 10.5. Refunds. In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Borrower to refund the amount of such disbursement. The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for the term of this Agreement. Any refund will be applied to the installments of principal in the inverse order of their maturity.

Section 10.6. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party under this Agreement will be construed as a waiver of such right or remedy.

Section 10.7. Suspension of Disbursements. Notwithstanding any other provision of this Agreement, A.I.D. may decline to make any disbursements hereunder which would cause A.I.D. to be in violation of any statute or regulation governing it.

Section 10.8 Termination After Review of Development Impact. A.I.D. reserves the right to review the Borrower's portfolio of subprojects after disbursements under the Loan totaling One Million U.S. Dollars ($1,000,000) and, if the Loan is increased in amount, Two Million U.S. Dollars ($2,000,000), to determine the degree to which the portfolio accomplishes A.I.D. developmental objectives and satisfies A.I.D.'s concerns regarding the financial viability of the subprojects. A.I.D. may decline, within its sole discretion, to make any further disbursements if, after either review, A.I.D. is not satisfied with the development impact or financial viability of the subprojects.

Article 11: Miscellaneous

Section 11.1. Communications. Except as otherwise specifically provided above, any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, cable or telex, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Borrower:

Mail Address: Caribbean Basin Corporation
(after assumption, Caribbean
Basin Investment Corporation)
Suite 510
1575 Eye Street, N. W.
Washington, D. C. 20005

Attn: Jack E. McGregor

To A.I.D.:

Mail Address: Office of Investment
Bureau for Private Enterprise
Agency for International Development
Washington, D.C. 20523

Alternate address for telex: 248766 COM UR

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 11.2. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individuals who are duly authorized representatives of the Borrower empowered to commit the Borrower, and A.I.D. will be represented by the individual holding or acting in the Office of Assistant Administrator, Bureau for Private Enterprise, each of whom, by written notice, may designate additional representatives for all purposes. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 11.3. Project Implementation Letters. To assist the Borrower in the implementation of the Project, A.I.D., from time to time, may issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

Section 11.4. Governing Law. This Agreement shall be governed by the laws of the United States and the State of New York, including its conflict of law rules.

Section 11.5. Amendments. This Agreement may be amended only in writing signed by authorized representatives of both Parties.

Section 11.6. Jurisdiction. The Borrower consents to jurisdiction in the United States Federal District Court for the District of Columbia and agrees that, unless waived by A.I.D., any action brought to resolve any breach, default, dispute or interpretation of this Loan Agreement shall be commenced in the United States District Court for the District of Columbia. Borrower agrees not to claim, in any such legal action, that the District of Columbia is an inconvenient place for trial. The foregoing shall not, however, limit the right of A.I.D. to serve legal process in any manner permitted by law or affect the right of A.I.D. to bring any action or proceeding against the Borrower or its property in the courts of Panama or in any other courts having jurisdiction.

Section 11.7. Costs of Collection. With respect to any action brought by A.I.D. for breach of this Agreement, Borrower shall pay to A.I.D. all costs of collection, including reasonable attorneys fees, incurred in connection with any such action in which A.I.D. is the prevailing party.

Section 11.8. Headings. The headings of the various provisions of this Agreement are for convenience of reference only, do not constitute a part hereof, and shall not affect the meaning or construction of any provision hereof.

Section 11.9. Assignment of Rights. The Borrower may assign any of its rights and delegate any of its duties under this Agreement only with the express written consent of A.I.D. A.I.D. hereby consents to the assignment from the Borrower to CBIC of all rights and obligations created hereunder, and upon such assignment A.I.D. hereby agrees that the Borrower shall be released from all obligations created hereunder, except obligations arising from the last sentence of Annex A.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

CARIBBEAN BASIN CORPORATION

By: _____

Title: Chairman

UNITED STATES OF AMERICA

By: _____

Title: Acting Assistant Administrator
Bureau for Private Enterprise
Agency for International
Development

ANNEX A

PROJECT DESCRIPTION

Annex A is for descriptive purposes only and does not create or vary any contractual obligations except as specifically provided in the main body of the Agreement.

I. Objectives

This project is a U.S. $1.2 million matching loan to a U.S. venture capital company which will promote the establishment or expansion of small private businesses in Latin America and the Caribbean Basin. The company's contribution to such businesses will include project origination and development, financial packaging, debt and equity funding, and management and marketing assistance. Thus, its role will be an active entrepreneurial one, in contrast to development banks and other more passive funding intermediaries already supported by A.I.D. It is expected that Caribbean Basin Corporation ("CBC"), the project sponsor and manager, will be the originating promoter of most of the small business investments funded under this project. CBC will sign the Agreement as borrower, but Caribbean Basin Investment Corporation ("CBIC"), an offshore affiliate of CBC, will assume all rights and duties of the borrower prior to any disbursements under the Loan. The Loan will be matched by an equal or greater amount of equity contributed to CBIC by CBC and other investors. Small amounts of the Loan to CBIC may be used for project development purposes as specified in the main body of the Agreement; the bulk of the funds will be invested in the subproject businesses in the areas of agriculture (including aquaculture), health or nontraditional exports.

"Satellite farming" ventures will receive particular priority in the selection of investments under this project. In a satellite farming operation, a substantial portion of the crop is grown by small independent farmers, for whom a processing, marketing or nucleus estate operation serves as a source of new technology, extension services, inputs (seed, fertilizer, etc.), direct or indirect credit, processing and marketing. This preference for satellite farming stems from the fact that such a structure generates greater economic and entrepreneurial opportunities for small farmers than occur when all growing is done by hired labor on a centrally-owned estate.

The purpose of the project is to mobilize the financial and managerial resources of U.S. venture capitalists in the promotion of several (perhaps 5 - 10) new or expanding small businesses. These businesses are intended to generate a combination of the following developmental benefits for their host countries:

1. Employment;

2. Additional foreign exchange;

3. Technology transfer and training;

4. Economic opportunities for satellite farmers and other small independent suppliers.

Unless the proposed subproject involves a substantial satellite farming operation, A.I.D. approval will, at least during an interim period, be required for each investment in advance. In determining whether a non-satellite farming subproject has a developmental impact that warrants A.I.D. financing, A.I.D. will primarily consider the factors listed above.

II. Project Implementation

CBIC's management will prepare for A.I.D. approval a Statement of Operating Procedures and Investment Policy. This document will set forth operational plans and investment policy in such detail as would be required by any prudent outside investor, as well as additional material pertinent to compliance with this Agreement and achievement of the purposes of the project.

The management structure of CBIC and the time commitments of management personnel will be consistent with the written description in the Statement of Operating and Investment Policy. Recruitment of a financial vice president and a manager for project development will take place as soon as possible.

Upon satisfaction of conditions precedent, disbursement of loan funds may take place as set forth in the body of this Agreement. Among the conditions precedent for each disbursement, except those to be on-lent to or invested in satellite farming subprojects, will be A.I.D.'s approval of the proposed subproject's developmental and environmental impact, as well as its financial soundness. The Parties will endeavor to develop more specific articulation of the developmental impact necessary for a non-satellite farming subproject to qualify for financing under the Loan. The Parties contemplate that, after CBIC has performed satisfactorily under the Loan Agreement for approximately six to twelve months, the Parties will have developed a sufficiently specific standard for the requisite developmental impact to eliminate the need for A.I.D. approval of each subproject.

III. Reporting and Consultation

A. Subproject Information Prior to Disbursement

Prior to requesting each disbursement, CBIC will submit the following information to the A.I.D.:

1. A description of the investment, including a detailed indication of how the investment complies with the requirements and objectives set forth in the Loan Agreement.

2. A pro forma schedule of the investment's anticipated net effect on the host country's balance of payments, including imported inputs, export sales, identifiable import substitution, and net financial flows.

3. A schedule indicating the investment's projected net employment effect, broken out by skill and compensation levels.

4. A description of the investment's anticipated forward and backward linkages to other local enterprises, including especially the extent to which production is accomplished through small independent farmers or other entrepreneurs. In the case of satellite farming projects, a description of:

   - The size of the satellite farming component (absolute size and percent of total production);

   - Number of satellite farmers;

   - Their average size;

   - Their average anticipated income from the project;

   - Details of any inputs and services provided to satellite farmers (e.g. training, seed, fertilizer, credit, packing, quality control, marketing).

5. A description of anticipated transfers of technology, and skills, including training of employees or independent suppliers.

6. An appropriate selection of the documentation relied upon in CBIC's investment decision (e.g. financial statements and projections, feasibility studies, etc.).

B. Semiannual Reporting And Consultations

CBIC will furnish the following information to the A.I.D. within 45 days of the conclusion of the first semester of each fiscal year:

1. Footnoted, unaudited financial statements for CBIC certified by management.

2. A narrative summary of operational progress of CBIC and their investee companies.

Within 60 days of the conclusion of each fiscal year, the Project Officer will receive from management the following information:

1. Audited financial statements for CBIC;

2. A narrative summary of operational progress of CBIC;

3. A description of operational progress for each investee company, including key financial and operational developments, as well as specific indications of progress in meeting the goals set forth in items 2 through 5 of Section A above;

4. After the second year, a statement of CBIC management's plan for refinancing the A.I.D. Loan when it falls due.

CBIC will arrange a semiannual meeting with A.I.D. in Washington to review the above information and to deal with any other issues which may arise in the course of the project.

In addition to the foregoing, CBC agrees to cooperate with A.I.D. and CBIC in responding to reasonable requests by A.I.D. for information relating to CBC's financial condition, taking into account A.I.D.'s ability to maintain the confidentiality of such information.

ANNEX B

REQUEST AND CERTIFICATE

Under the terms of the loan agreement ("Agreement") between Caribbean Basin Investment Corporation, a corporation organized and existing under the laws of Panama, ("Borrower") and the United States of America acting through the Agency for International Development ("A.I.D"), dated _____, for Project No. 940-0002.41, the Borrower hereby requests a disbursement of_____United States Dollars.

Without limiting any other representations, warranties or certifications the Borrower has made under the Agreement, the Borrower certifies that, with the submission of this Request and Certificate, it has complied with all Conditions Precedent to Initial Disbursement set forth in Section 6.1, and if the disbursement requested is other than the initial disbursement, that it has complied with all Conditions Precedent to Subsequent Disbursements set forth in Section 6.3 and that all representations therein are true and correct as of the date of the submission of this Request and Certificate.

The Borrower further certifies that it is in compliance with all the covenants and other terms and conditions of the Loan Agreement and that there has been no material adverse change in the financial condition of the Borrower since the date of the Agreement or the most recent disbursement made thereunder which has affected or is likely to affect the Borrower's ability to perform its obligations under the Agreement.

CARIBBEAN BASIN INVESTMENT CORPORATION

By:_____

Position:_____

Date:_____