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AID LOAN NO. 514-L-058

ALLIANCE FOR PROGRESS

LOAN AGREEMENT

(Colombia - Mineral Resources Survey)

Between the

REPUBLIC OF COLOMBIA

and the

UNITED STATES OF AMERICA

Dated: April 28, 1971

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ANNEX I Description of Project

LOAN AGREEMENT

LOAN AGREEMENT dated April 28, 1971 between the REPUBLIC OF COLOMBIA ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. A.I.D. agrees to lend to the Borrower in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed one million seven hundred thousand United States dollars (\$1,700,000) ("Loan") to assist the Borrower in carrying out the Project referred to in Section 1.02 ("Project"). The Loan shall be used exclusively to finance United States dollar costs of goods and services required for the Project ("Dollar Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Project shall consist of the continuation and expansion of the Borrower's program to survey the mineral resources of Colombia, including participant training, services for photogrammetry and photogeology, and equipment and supplies in support thereof. As further described in the Capital Assistance Paper Colombia, Second Mineral Resources Survey Loan, dated April 17, 1970, the Project shall be carried out by the Ministry of Mines and Petroleum

of the Borrower through the Instituto de Investigaciones Geológico-Mineras ("INGEOMINAS"). The Project is more fully described in Annex 1, attached hereto, which Annex may be modified in writing. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 9.03 ("Implementation Letters")

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.03), and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9½) years after the date on which

FIRST
DISBURSEMENT
10/8

FIRST
DUE
4

the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the Controller, United States A.I.D. Mission to Colombia, and shall be deemed made when received by the Office of the Controller.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.05. Renegotiation of the Terms of the Loan. In the light of the undertakings of the United States of America, and the other signatories of the Act of Bogotá and the Charter of Punta del Este to forge an Alliance for Progress, the Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower taking into consideration the relative capital requirements of Colombia and of the other signatories of the Act of Bogotá and the Charter of Punta del Este.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Disbursement. Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.

(a) An opinion of the Legal Advisor to the President of the Republic or counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

(b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 9.02, and a specimen signature of each person specified in such statement;

(c) Confirmation that Ingeominas is the entity which will carry out the Project; and

(d) Confirmation of the Director of Ingeominas as the manager of the Project.

SECTION 3.02. Conditions Precedent to Disbursement for Sub-project I. Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan to finance the services referred to in Sub-project I, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., evidence of the basis for selection of participants in Sub-project I and such other information with respect thereto as A.I.D. may request.

SECTION 3.03. Conditions Precedent to Disbursement for Sub-project II. Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan to finance each of the studies referred to in Sub-project II, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence of arrangements with an entity satisfactory to A.I.D. to conduct those aspects of the study which are not to be conducted by Ingeominas;

(b) Such plans, specifications, schedules and other data as A.I.D. may request; and

(c) Evidence of arrangements, confirmed by the manager of the Project, for facilities, equipment, supplies and personnel required for, and in support of, the study.

SECTION 3.0' Conditions Precedent to Disbursement for Sub-project III. Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan to finance each of the investigations and studies referred to in Sub-project III, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that the results of a photogeological study or previous field investigation warrant undertaking the investigation or study;

(b) Evidence of arrangements to undertake the investigation or study;

(c) Such plans, specifications, schedules, and other data as A.I.D. may request; and

(d) Evidence of arrangements, confirmed by the manager of the Project, for facilities, equipment, supplies and personnel, including laboratory support, required for, and in support of, the investigation or study.

SECTION 3.05. Terminal Dates for Meeting Conditions Precedent to Disbursement.

(a) If all of the conditions specified in Section 3.01 shall not have been met on or before the date thirty (30) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.

(b) If all of the conditions specified in Sections 3.02, 3.03 and 3.04 shall not have been met on or before the date ninety (90) days from the date of this Agreement, or such later dates as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.06. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01 and, as the case may be, Sections 3.02, 3.03, and 3.04 have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

(a) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, and administrative practices.

(b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.

SECTION 4.02. Funds and Other Resources to be Provided by Borrower.

The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project.

SECTION 4.03. Continuing Consultation. The Borrower and A.I.D.

shall cooperate fully to ensure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by

the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

SECTION 4.04. Management. The Borrower shall provide qualified and experienced management for the Project acceptable to A.I.D., and it shall train such staff as may be appropriate for the maintenance and operation of the Project.

SECTION 4.05. Taxation. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within the country of the Borrower. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the country of the Borrower, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.06. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as

goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such use or disposition.

(b) Except as A.I.D. may otherwise agree in writing no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION 4.07. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that any hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

SECTION 4.08. Commissions, Fees, and Other Payments.

(a) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will

there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the country of the Borrower.

SECTION 4.09. Maintenance and Audit of Records. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

(a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;

(b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;

(c) the basis of the award of contracts and order to successful bidders; and

1) the progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.10. Reports.

(a) The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may request.

(b) The Borrower shall also cause to be prepared, printed and published interim and final reports by qualified technical experts based on technical information obtained during the conduct of the Project. The Borrower shall cause such reports to be distributed on a timely basis to the public in Colombia and shall make copies of such reports available to A.I.D. or its designee in adequate quantities for any use or application of such reports, or the information they contain, inside or outside of Colombia, as A.I.D. may determine. Costs of preparing, printing, publishing, and distributing such reports shall not be financed under this Agreement.

SECTION 4.11. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the

Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of the country of the Borrower for any purpose relating to the Loan.

ARTICLE V

Special Covenants and Warranties

SECTION 5.01. Sub-project I. With respect to each participant in Sub-project I, the Borrower agrees to present to A.I.D. for issuances of loan-funded participant implementation orders:

(a) A request for AID/W placement or evidence of final arrangement for admission of the participant to a school, university, or other appropriate institution satisfactory to A.I.D.;

(b) Evidence of guidance by the manager of the Project of the curriculum of the participant, and of the school, university or other appropriate institution to which he has been admitted; and

(c) Evidence of a written agreement on the part of the participant to fulfill duties associated with the Project following the completion of study pursuant to Sub-project I for a period of at least double the time of the training.

The Borrower agrees that each participant in Sub-project I will have to be approved by A.I.D. in accordance with the normal requirements established for training by A.I.D.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Other Western Hemisphere Countries.

Except as A.I.D. may otherwise specify in writing, and except as provided in sub-section 6.07 (d) with respect to marine insurance, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Project of goods and services having their source and origin in countries included in Code 940 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into for such goods and services. ("Western Hemisphere Goods and Services"). All ocean shipping financed under the Loan shall have both its source and origin in countries included in Code 940 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

SECTION 6.02. Eligibility Date. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, provided, however, that the costs of the participating services agreement with the United States Geological Survey for services to Ingeominas between September 1, 1970 and the date of this Agreement may be financed under the Loan.

SECTION 6.03. Goods and Services not Financed Under Loan. Goods and services procured for the Project, but not financed under the Loan, shall be procured on conditions mutually satisfactory to A.I.D. and the Borrower.

SECTION 6.04. Implementation of Procurement Requirements. The definition applicable to the eligibility requirements of Section 6.01, and 6.03 will be set forth in detail in Implementation Letters.

SECTION 6.05. Plans, Specifications, and Contracts.

(a) Except as A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, schedules, bid documents, and contracts relating to goods and services to be financed under the Loan.

(b) Except as A.I.D. may otherwise agree in writing, all plans, specifications, and schedules furnished pursuant to sub-section (a) above shall be approved by A.I.D. in writing.

(c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

(d) The following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution:

(i) contracts for engineering and other professional services;

(ii) contracts for construction services;

(iii) contracts for such other services as A.I.D. may specify, and

(iv) contracts for such equipment and materials as A.I.D. may specify.

SECTION 6.06. Reasonable Price No more than reasonable price shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

SECTION 6.07. Shipping and Insurance.

(a) Western Hemisphere Goods financed under the Loan shall be transported to the country of the Borrower on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

(b) At least fifty percent (50%) of the gross tonnage of all Western Hemisphere Goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers) which is transported on ocean vessels shall be transported on privately owned United States flag commercial vessels unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for United States flag commercial vessels. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(c) Except as A.I.D. may otherwise agree in writing, all goods financed hereunder must be purchased by the Colombian importer from the exporter on a CIF basis. The term "CIF basis" shall mean that the exporter purchases the marine insurance and freight, and includes those items in the total cost of the goods to the Colombian importer.

(d) Marine insurance may be financed hereunder only if included in the price of goods purchased on a CIF basis by the Colombian importer from the exporter. In such cases the exporter must purchase such marine insurance, of the free choices, in a country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of purchase.

(e) A.I.D.'s financing of ocean freight is limited to ninety (90) percent of ocean freight costs on a shipment-by-shipment basis, except that with respect to free-out shipments A.I.D.'s financing is limited to ninety-eight (98) percent of ocean freight costs.

SECTION 6.08. Notification to Potential Suppliers. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 6.09. United States Government-owned Excess Property. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement,

such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan.

SECTION 6.10. Information and Marking. Borrower shall give publicity to the Loan and the Project as a program of United States aid in furtherance of the Alliance for Progress, identify the Project sites, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursement for United States Dollar Costs - Letters of Commitment to United States Banks. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for Dollar Costs of goods and services procured for the Project in

accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 7.02. Other Forms of Disbursement. Disbursement of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.03. Date of Disbursement. Disbursement by A.I.D. shall be deemed to occur, in the case of disbursement pursuant to Section 7.01, on the date on which A.I.D. makes a payment to a banking institution pursuant to a Letter of Commitment.

SECTION 7.04. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment documents which may be called for by another form of disbursement under Section 7.02, or amendment thereto, shall be issued in response to requests received by A.I.D. after October 31, 1974, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after April 30, 1975. A.I.D., at its option, may at any time or times after April 30, 1975, reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VIII

Cancellation and Suspension

SECTION 8.01. Cancellation by the Borrower: The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 8.02. Events of Default: Acceleration. If any one or more of the following events ("Events of Default") shall occur:

(a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;

(b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation to the obligation to carry out the Project with due diligence and efficiency;

(c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies,

then, AID may, at its option, give to the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days:

(i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and

(ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 8.03. Suspension of Disbursement. In the event that at any time:

(a) An Event of Default has occurred;

(b) An event occur that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or

(c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.;

when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

Then, A.I.D. may, at its option:

(i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit. in which event A.I.D. shall give notice to the Borrower promptly thereafter;

(ii) decline to make disbursements other than under outstanding commitment documents;

(iii) decline to issue additional commitment documents;

(iv) at A.I.D.'s expense, direct that title of goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower. are in a deliverable state and have not been unloaded in ports of entry of the country of the Borrower. Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

SECTION 8.04. Cancellation by A.I.D. Following any suspension of disbursement pursuant to Section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

SECTION 8.05. Continued Effectiveness of Agreement.

Notwithstanding any cancellation, suspension of disbursement, or acceleration or repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

SECTION 8.06. Refunds.

(a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Project hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

SECTION 8.07. Expenses of Collection. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refunds or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 8.08. Nonwaiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

ARTICLE IX

Miscellaneous

SECTION 9.01. Communications. Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following addresses:

TO BORROWER:

Mail Address: Ministerio de Minas y Petróleos
Bogotá, Colombia

Cable Address: MINMINAS, Bogotá

COPIES TO:

Instituto de Investigaciones Geológico-Mineras
(Ingeominas)

Cable Address: INGEOMINAS

TO A.I.D.

Mail Address: USAID Mission to Colombia
American Embassy
Bogotá, Colombia

Cable Address: AMEMBASSY
Bogotá, Colombia

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

SECTION 9.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding, or acting in, the office of the Minister of Mines and Petroleum, and A.I.D. will be represented by the individual holding, or acting in, the office of Mission Director, USAID Mission to Colombia. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 9.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

SECTION 9.04. Promissory Notes. At such time or times as A.I. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 9.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

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

THE GOVERNMENT OF THE REPUBLIC OF
COLOMBIA

By /Alfonso Patiño Roselli

Title: Minister of Finance and Public Credit

By /Juán B. Fernández

Title: Minister of Mines and Petroleum

THE UNITED STATES OF AMERICA

By /Leonard J. Saccio

Title: Ambassador of the United States of
America to Colombia

By /Marvin Weissman

Title: Director of USAID Mission to
Colombia

ANNEX I

Description of Project

This project is designed to support the expansion of the GOC's mineral survey program into five new geographic zones of the country. The executing agent will be the Ministry of Mines and Petroleum acting through the Instituto de Investigaciones Geológico-Mineras (Ingeominas). In this manner Ingeominas will be provided the necessary further experience and resources to independently carry forward future mineral survey programs. The Project is divided into four specific sub-projects:

Sub-project I: Participant Training.

Participant training will be provided for approximately twenty-two (22) Colombians for study principally at the Master and Ph.D. levels. Training of a non-academic nature will also take place in specific fields of research and administration, subject to satisfactory arrangements with public institutions or private companies.

Sub-project II: Specialized Studies - Photogeologic Mapping.

Specialized studies will be obtained under the Loan from individuals or individuals under contract to Ingeominas when the services or skills required for such studies are not obtainable within Colombia or from the USGS. Photogeologic mapping and airborne geophysical surveys are areas where outside assistance may be contracted, as these services are required for the elaboration of the Project, but the demand is not sufficient to warrant the creation of a permanent photogeologic unit within Ingeominas.

Sub-project III: Field Investigation. Field investigation of five new selected zones will include geological, geophysical, and geochemical methods as may be appropriate. Field investigation of the four zones studied during the first loan will also be continued in order to determine the nature of the mineral deposits preliminarily explored.

Sub-project IV: Equipment and Materials. Procurement of equipment and materials will include the following items: vehicles for field work, geological, laboratory, and geophysical prospective equipment, photographic and reproduction equipment, additional drilling equipment and geological books and other supplies.