

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

ASSISTANT
 ADMINISTRATOR

520-T-031
 (AID-DLC/P-2269)

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PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

Name of Country: Guatemala
 Name of Project: Rural Electrification
 Project Number: 520-0248

Pursuant to Part I, Chapter 1, Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan to the Government of Guatemala (the "Borrower") of not to exceed Eight Million Six Hundred Thousand United States Dollars (\$8,600,000) ("Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services required to carry out a rural electrification program, described in the following paragraph. The entire Authorized Amount will be obligated when the Project Agreement is executed.

The project consists of extending electric services to benefit new users in small villages in the Western and Central Highlands, Eastern and South Coast Regions of Guatemala and providing technical assistance to strengthen the administrative and outreach capability of the Borrower's Electrification Institute ("INDE") to continue the program after the Loan has been fully disbursed.

I hereby authorize the negotiation and execution of a Project Agreement or Project Agreements as may be appropriate by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority, subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

I. Interest Rate and Terms of Repayment

The Borrower shall repay the Loan to A.I.D. in United States Dollars within twenty-five (25) years from the date of first disbursement of the Loan, including a grace period of not to exceed

ten (10) years. The Borrower shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first ten (10) years, and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

II. Source and Origin

Except for ocean shipping, goods and services financed by A.I.D. under the project shall have their source and origin in the Central American Common Market or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall be procured in the United States or in the Central American Market.

III. Conditions Precedent to Initial Disbursement

Prior to the first disbursement under the Loan, 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 Ministerio Publico or other counsel acceptable to A.I.D. that the Project 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 certified statement of the name(s) of the person(s) authorized under the Project Agreement to act as the representative(s) of the Borrower under the Project Agreement with the authenticated specimen signature(s) of said representative(s);
- C. An executed agreement between the Ministry of Finance of the Borrower and INDE which provides:
 1. That INDE shall be the Borrower institution responsible for execution of the project;
 2. That all project funds will be disbursed by the Borrower and A.I.D. to INDE on a non-reimbursable basis; and

3. That terms and conditions of the Project Agreement will govern the use of Project funds by INDE;
- D. Evidence that INDE has designated a Project Manager;
- E. The structure of INDE's charges for the connection of services. This structure of service connection charges will establish an upper limit on the amount of connection costs to be borne by INDE in order to facilitate the connection of a greater number of new low income rural users;
- F. A detailed financial plan indicating projected annual counterpart contributions of the Borrower which will be made available to support the project; and
- G. A detailed technical assistance plan, including the uses to be made of such technical assistance and where and when such assistance will be obtained.

IV. Conditions Precedent to Disbursement for Other Than Technical and Professional Services

Prior to any disbursement, or the issuance of any commitment documents, other than for technical and professional services, 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. A time-phased implementation plan, with cost estimates covering;
 1. A schedule of training setting forth nature, timing, and source of instruction for INDE personnel and stipulating training to be provided at the village level;
 2. A procurement plan for obtaining materials and contract consultation services; and,
 3. A construction schedule by geographic area.
- B. Evidence that INDE has made satisfactory arrangements to retain consultant engineering services for the project;

V. Covenants

The Borrower covenants and agrees that, except as A.I.D. may otherwise agree in writing, the Borrower shall:

- A. Cause INDE to carry out the plan and program in accordance with plans approved pursuant to the terms and conditions set forth in Article III hereof;
- B. Cause INDE to carry out an impact evaluation in the project area prior to the project assistance completion date, which measures the rate of adoption of electricity for productive purposes by low income rural families.
- C. Cause INDE to obtain rights-of-way for all construction activities prior to initiation of construction on the property involved; and
- D. Cause INDE to submit a yearly construction schedule to A.I.D.; and
- E. Cause INDE to submit to A.I.D., within three years after the date of initial disbursement of the Loan, a plan to extend the rural electrification system to serve new low income users. This plan will cover the five year period following the PACD. The plan will be reviewed by A.I.D. and A.I.D.'s comments will be considered by INDE in the preparation of the final plan. Furthermore, the Borrower covenants and agrees to use its best efforts in order to carry out this rural electrification plan during the five year period.

USAID/Guatemala shall obtain the clearance of A.I.D./ Washington prior to exercising the authority to "otherwise agree" with respect to the conditions of Section II hereof.

Ameshell Brown
Assistant Administrator
Bureau for Latin America
and the Caribbean

May 17, 1979
Date

Clearances:
GC/LAC, JLKessler *RC* for date *5/1/79*
LAC/DR: MBrown *MB* date *4/30/79*
LAC/DR: CPeasley *CP* date *4/30/79*
LAC/CEN: RLDeVivero *RL* date *3/20/79*

RC
GC/LAC, RCotten: 4/30/79

Proj: 5200248
PN-

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PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

Name of Country: Guatemala
Name of Project: Rural Electrification
Project Number: 520-0248

Pursuant to Part I, Chapter 1, Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan to the Government of Guatemala (the "Borrower") of not to exceed Eight Million Six Hundred Thousand United States Dollars (\$8,600,000) ("Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services required to carry out a rural electrification program, described in the following paragraph. The entire Authorized Amount will be obligated when the Project Agreement is executed.

The project consists of extending electric services to benefit new users in small villages in the Western and Central Highlands, Eastern and South Coast Regions of Guatemala and providing technical assistance to strengthen the administrative and outreach capability of the Borrower's Electrification Institute ("INDE") to continue the program after the Loan has been fully disbursed.

I hereby authorize the negotiation and execution of a Project Agreement or Project Agreements as may be appropriate by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority, subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

I. Interest Rate and Terms of Repayment

The Borrower shall repay the Loan to A.I.D. in United States Dollars within twenty (20) years from the date of first disbursement of the Loan, including a grace

period of not to exceed ten (10) years. The Borrower shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first ten (10) years, and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

II. Source and Origin

Except for ocean shipping, goods and services financed by A.I.D. under the project shall have their source and origin in the Central American Common Market or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall be procured in any eligible source country except the Borrower.

III. Conditions Precedent to Initial Disbursement

Prior to the first disbursement under the Loan, 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 Ministerio Publico or other counsel acceptable to A.I.D. that the Project 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 certified statement of the name(s) of the person(s) authorized under the Project Agreement to act as the representative(s) of the Borrower under the Project Agreement with the authenticated specimen signature(s) of said representative(s);
- C. An executed agreement between the Ministry of Finance of the Borrower and INDE which provides:
 1. That INDE shall be the Borrower institution responsible for execution of the project;
 2. That all loan funds will be disbursed by the Borrower and A.I.D. to INDE on a non-reimbursable basis; and

3.. That terms and conditions of the Project Agreement will govern the use of project funds by INDE;

- D. Evidence that INDE has designated a Project Manager;
- E. Evidence that INDE's rate schedule and additional charges are in consonance with the objectives of the project;
- F. Evidence that INDE has made satisfactory arrangements to retain consultant engineering services for the project;
- G. A detailed financial plan indicating projected annual counterpart contributions of the Borrower which will be made available to support the project; and
- H. A detailed technical assistance plan, including the uses to be made of such technical assistance and where and when such assistance will be obtained.

IV. Conditions Precedent to Disbursement for Other Than Technical and Professional Services

Prior to any disbursement, or the issuance of any commitment documents, other than for technical and professional services, 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 time-phased implementation plan, with cost estimates covering:

- A. A schedule of training setting forth nature, timing, and source of instruction for INDE personnel and stipulating training to be provided at the village level;
- B. A procurement plan for obtaining materials and contract construction services; and,
- C. A construction schedule by geographic area.

V. Condition Precedent to Disbursement or Commitment in Excess of \$6 Million of Loan Funds

Prior to any disbursement, or the issuance of any commitment documents, in excess of \$6 million under the

Loan, INDE shall, except as A.I.D. may otherwise agree in writing, submit, in form and substance satisfactory to A.I.D., a plan for expansion of rural electrification systems to serve additional low income customers following disbursement of the Loan. The plan will provide for the connection of 10,000 additional hook-ups in rural areas in each year subsequent to Loan disbursement which will be financed with INDE's own revenues along with other sources of financing as may be required.

VI. Covenants

The Borrower covenants and agrees that, except as A.I.D. may otherwise agree in writing, the Borrower shall:

- A. Contribute to the project on a timely basis not less than the equivalent of six million four hundred thousand United States Dollars (\$6,400,000) during the implementation period of the project;
- B. Cause INDE to carry out the plan in accordance with the applicable terms and conditions set forth in Article III hereof;
- C. Cause INDE to carry out an impact evaluation in the project area prior to the project assistance completion date and annual progress evaluations each year of Project implementation;
- D. Cause INDE to obtain rights-of-way for all construction activities prior to initiation of construction on the property involved; and
- E. Cause INDE to submit a yearly construction schedule to A.I.D.

USAID/Guatemala shall obtain the clearance of A.I.D./Washington prior to exercising the authority to "otherwise agree" with respect to the conditions of Section II hereof.

Clearance:

GC/LAC, JLKessler JKL Date 6/29
 LAC/DR, DDay DD Date 6/26
 LAC/DR, HBassford HB Date 6/22
 LAC/DR, JSanbrailo JS Date 6/29
 LAC/DR, MBrown MB Date 6/27
 LAC/CEN, ECarter EC Date 6/27

Edward W. Coy
 Assistant Administrator
 Bureau for Latin America and the
 Caribbean

June 30 1978
 Date