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A.I.D. Loan 513-T-067 56p.

Proj No → 5130294

ALLIANCE FOR PROGRESS

LOAN AGREEMENT

between

THE REPUBLIC OF CHILE

and

THE UNITED STATES OF AMERICA

AGRICULTURAL PRODUCTION CREDIT

2078

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LOAN AGREEMENT dated **JUL 26 1976** between the Government of Chile ("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, and the basic technical cooperation agreement of January 16, 1951, an amount not to exceed fourteen million United States dollars (\$14,000,000) ("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 the provision of agricultural credit and the United States dollar costs ("Dollar Costs") and Chilean local costs ("Local Currency Costs") of goods and services required for the Project. The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Project's basic purposes are: (a) to increase the availability and effectiveness of agricultural production credit for small farmers in Chile by making funds available to the Central Bank from the Borrower and from A.I.D.,

for loans to be made through the Instituto de Desarrollo Agropecuario, INRAP, and by the financial system, and for the financing of technical assistance necessary to improve the assistance given to small farmers, and (b) to establish a Policy Planning and Information System ("PPIS"), within the Ministry of Agriculture with a broad program for gathering, processing and analyzing data and for providing necessary technical assistance.

The Minister of Finance of the Republic of Chile will distribute the funds from the Loan among the implementing agencies as agreed in Annex I, attached hereto, which more fully describes the Project. The Annex may be modified in writing by agreement between the representatives of the Borrower and A.I.D. designated under Section 9.02 of this Agreement.

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. The Borrower will also pay to A.I.D. interest on any due and unpaid interest at the rate of three percent (3%)

per annum computed on the basis of a 365-day year. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.05) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. 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 semi-annual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9-1/2) years after the date on which 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 payment 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 Agency for International Development, Washington, D. C. 20523, Attention Cashier SA12 and shall be deemed made when received.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without any other charges, 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. 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 Republic of Chile.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Standard Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of any commitment documents 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 Minister of Justice or other 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 name of the person holding or acting in the office of the Borrower, specified in Section 9.02, and a specimen signature of the person specified in that statement, appropriately certified as to its authenticity; and

(c) Evidence that all official documentation has been issued to allocate all of the funds to be made available under the Loan to the appropriate implementing agencies of the Borrower.

SECTION 3.02. Conditions Precedent to Disbursements for Agricultural Production Credit. Prior to the issuance of any commitment document or any disbursement under the Loan for each credit activity,

the Borrower shall submit to A.I.D. in form and substance satisfactory to A.I.D.:

1. For the provision of funds for credit or technical assistance through the Instituto de Desarrollo Agropecuario ("INDAP"):

- (a) A detailed implementation plan, including INDAP's lending regulations and criteria, a first year plan for allocation of credit, a staffing plan, and plans for training professional and technical field personnel;
- (b) Evidence that the Borrower's contribution for the capitalization of the INDAP credit activity will be available in a timely manner;
- (c) Evidence that INDAP has established a separate account for the credit activity to be financed with funds made available under the Project;
- (d) A plan to maintain constant, in real terms the credit fund established by the contributions of the Borrower and A.I.D.

2. For the provision of funds through the financial system of Chile:

- (a) A detailed implementation plan, including lending and operating regulations governing transactions between the Central Bank and participating institutions, sub-borrower selection and lending criteria, and a first year credit allocation plan;
- (b) Evidence that the Borrower's contribution to the financial system Credit Fund will be available in a timely manner.

- (c) A plan to maintain constant, in real terms the credit fund established by the contribution of the Borrower and A.I.D.

SECTION 3.03. Conditions Precedent to Disbursements for the Policy Planning and Information System Activity. Prior to the issuance of any commitment document or any disbursement under the Loan for the Policy Planning and Information System ("PPIS") activity, Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

1. A technical determination of the most appropriate configuration for all data processing elements of this activity;
2. A financial plan for the first year of this activity.

SECTION 3.04. Conditions Precedent to Continuing Disbursements. Prior to the issuance of any commitment documents under the Loan for the credit or PPIS activities during the second and third years following the initial disbursement under the Loan, the Borrower shall have submitted to A.I.D., in form and substance satisfactory to A.I.D., detailed plans for the use of Loan funds for such second and third years.

SECTION 3.05. Terminal Dates for Meeting Standard Conditions Precedent to Disbursements. If the documents supporting the fulfillment of all of the conditions specified in Section 3.01 shall not have been

submitted within 90 days from the date of this Agreement or such later date as Borrower and A.I.D. may agree to in writing, A.I.D. unilaterally 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.

SECTION 3.06. Terminal Dates for Meeting Conditions Precedent to Disbursements for Specific Activities. If the documents supporting the fulfillment of all of the conditions specified in Sections 3.02 and 3.03 shall not have been submitted within 180 days from the date of this Agreement or such later date as Borrower and A.I.D. may agree to in writing, A.I.D. unilaterally 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, except the responsibility of the Borrower to return or reimburse funds previously disbursed.

SECTION 3.07. Notification of Meeting Conditions Precedent to Disbursement.

(a) After the submission of the documents that support the fulfillment by the Borrower of the conditions precedent of Sections 3.01, 3.02 and 3.03, A.I.D., in a timely manner, will notify the Borrower in writing whether or not the conditions precedent have been fulfilled.

If A.I.D. determines that the supporting documentation is not sufficient, and there is still time remaining before the expiration of

the dates indicated in Sections 3.05 and 3.06, the Borrower may modify or supplement the information within the same number of days remaining between the date of submission of the documentation and the date of expiration.

If the notification of A.I.D. occurs after the expiration date, the Borrower may proceed to modify or supplement the documentation within the next ten days following the notification.

(b) A.I.D. shall notify the Borrower in writing each year whether or not the conditions precedent indicated in Section 3.04 have been fulfilled.

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 financial and administrative practices.

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

(c) Borrower shall seek to minimize any harmful effects upon the natural environment which might be caused by any proposed activity under the Project.

SECTION 4.02. Funds and Other Resources to be Provided by the Borrower. Besides the contribution of the Borrower stated in Section 5.01 hereof, the Borrower shall provide promptly as needed all funds, in addition to the Loan, and all resources required for the punctual and effective carrying out and maintenance of the Project.

SECTION 4.03. Continuing Consultation. The Borrower and A.I.D. shall cooperate fully to assure that the purposes 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 parties to this Agreement of their obligations under this Agreement, and other matters relating to the Project.

SECTION 4.04. Management. The Borrower shall cause to be provided qualified and experienced management for the Project and shall cause to be trained such staff as may be appropriate for the successful implementation 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 Republic of Chile. The Borrower either may establish the exemption of taxes or shall, as and to the extent prescribed in Implementation Letters, pay or reimburse the same for (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transaction relating to such contractor and (b) any commodity procurement transaction financed hereunder, that are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Chile. If the reimbursement method is used, the Borrower shall pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan. It is not the intention of this provision to exempt Chilean contractors from their general income tax obligations in Chile.

SECTION 4.06. Utilization of Goods, Services and Credits.

(a) Goods, services and credits financed under the Loan shall be used exclusively for the Project, except as Borrower and A.I.D. may otherwise agree in writing.

(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 parties represent and warrant that they have disclosed all facts and circumstances that might materially affect the Project and the discharge of their obligations under this Agreement. The parties agree to advise each other of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of their obligations under this Agreement.

SECTION 4.08. Commissions, Fees and Other Payments. The parties warrant and covenant that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, they have not paid, and will not pay or agree to pay, nor to the best of their 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 parties agree to advise each other of any payment or agreement to pay for such bona fide professional, technical, or comparable services to which they are a party or of which they have knowledge (indicating whether such payment has been made or is to be made on a contingent basis). If the amount of any such payment is deemed unreasonable by A.I.D. the same shall be adjusted in a manner satisfactory to the Borrower and A.I.D.

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 orders to successful bidders; and
- (d) The progress of the Project.

Such books and records shall be regularly audited by auditors acceptable to A.I.D. in accordance with sound auditing standards, for

such period and at such intervals as A.I.D. may require, and shall be maintained for three 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. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and the Project as A.I.D. may request.

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, services and credits financed under the Loan, and the books, records, and other documents of the Borrower or any of its constituent agencies 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 Republic of Chile for any purpose relating to the Loan.

ARTICLE V

Special Covenants

SECTION 5.01. Borrower's Contribution. Borrower agrees to provide as its contribution to the Project the equivalent of at least twelve million eight hundred and fifty thousand dollars (\$12,850,000) to capitalize the credit funds and finance personnel and other costs related to the Policy Planning and Information System ("PPIS").

SECTION 5.02. Implementing Covenants. Unless A.I.D. shall otherwise agree in writing, Borrower agrees and covenants that:

1. All agricultural production credit financed under the Project shall accrue interest at positive rates which reflect the market value of money in Chile and shall represent a net addition to the agricultural credit available in Chile.

2. It will assure INDAP of budget support sufficient to enable INDAP to administer the INDAP credit activity under the Project satisfactorily.

3. In accordance with the plans indicated in Section 3.02 1 (d) and 2 (c), it will take the necessary steps to maintain constant, in real terms, the Credit Fund for the use of INDAP and the financial system.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Selected Free World Countries.

Except as the Borrower and A.I.D. may otherwise agree in writing, and except as provided in subsection 6.09.(c) 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 941 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 ("Selected Free World Goods and Services"). Notwithstanding any other provisions hereunder, when motor vehicles are to be procured with loan funds they must be manufactured in the United States. All ocean shipping financed under the Loan shall have both its source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

SECTION 6.02. Procurement from the Republic of Chile. Except as A.I.D. may otherwise agree in writing, local currency disbursements made pursuant to Section 7.02 and Section 7.04 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in the Republic of Chile.

SECTION 6.03. 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 the loan agreement.

SECTION 6.04. Goods and Services not Financed under the Loan.

Goods and services procured for the Project, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

SECTION 6.05. Implementation of Procurement Requirements. The definitions applicable to the eligibility requirements of Sections 6.01, 6.02 and 6.04 will be set forth in detail in Implementation Letters.

SECTION 6.06. Consulting Services. Consulting firms used by the Borrower for the Project (whether or not their services are financed under the Loan), the scope of their services, and such of the firms' personnel assigned to the Project as A.I.D. may specify, shall all be acceptable to A.I.D.

SECTION 6.07. Plans, Specifications and Contracts. In order for there to be mutual agreement on the following matters, and except as the parties may otherwise agree in writing:

(a) The Borrower will furnish to A.I.D. upon preparation:

(1) any plans, specifications, construction schedules, bid documents, and contracts relating to the Project (and any modifications therein), which are to be financed by A.I.D., together with

(2) such documentation for any goods or services which, though not financed by A.I.D., are of critical importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Implementation Letters.

(b) Bid documents and documents related to the solicitation of proposals for goods and services financed under the Loan will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements; and

(c) Contracts financed by A.I.D. for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Implementation Letters, together with any contracts or contractors identified under subsection (a)(2) above, will be approved by A.I.D. in writing prior to their execution. Material modifications in such contracts are subject to this provision.

SECTION 6.08. Reasonable Price. No more than reasonable prices 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, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

SECTION 6.09. Shipping and Insurance.

(a) Selected Free World Goods financed under the Loan shall be

transported to the Republic of Chile 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) Unless A.I.D. shall determine that privately owned United States flag commercial vessels are not available at fair and reasonable rates for such vessels:

(i) at least fifty percent (50%) of the gross tonnage of Selected Free World goods financed under the Loan and transported on ocean vessels from United States ports (computed separately for dry bulk carriers, dry cargo liners, and tankers) shall be transported on privately owned United States flag commercial vessels; and at least fifty percent (50%) of the gross freight revenue generated by ocean shipments of Selected Free World goods financed under the Loan and transported on dry cargo liners from United States ports shall be paid to or for the benefit of privately-owned United States flag commercial vessels; and

(ii) at least fifty percent (50%) of the gross tonnage of all Selected Free World goods financed under the Loan and transported on ocean vessels from non-United States ports (computed separately for dry bulk carriers, dry cargo liners and tankers) shall be transported on privately owned United States flag commercial vessels, and at least fifty percent (50%) of the gross freight revenue generated by ocean shipments of Selected Free World goods financed under the Loan and transported on dry cargo liners from non-United States ports shall be

paid to or for the benefit of privately owned United States flag commercial vessels. No such goods may be transported on any ocean vessel (or aircraft) which (i) A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D. financed goods or (ii) has been chartered for the carriage of A.I.D. financed goods unless such charter has been approved by A.I.D.

(c) Marine insurance on Selected Free World goods may be financed under the Loan with disbursements made pursuant to Section 7.01, provided (i) such insurance is placed at the lowest available competitive rate in the Republic of Chile or in a country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of placement, and (ii) claims thereunder are payable in freely convertible currency. If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the Republic of Chile, by statute, decree, rule or regulation favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, Selected Free World goods financed under the Loan shall during the continuance of such discrimination be insured against marine risks in the United States of America with a company or companies authorized to do marine insurance business in any state of the United States of America.

(d) The Borrower shall insure, or cause to be insured, all Selected Free World goods financed under the Loan against risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed or in any freely convertible currency. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into for such replacements, and shall be otherwise subject to the provisions of this Agreement.

SECTION 6.10. 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. Borrower may also simultaneously provide such procurement data to firms in other eligible countries.

SECTION 6.11. Information and Marking. Borrower shall give

publicity to the Loan and the Project as a joint Republic of Chile-United States undertaking in furtherance of the Alliance for Progress and shall identify the Project sites and mark goods and construction financed under the Loan as prescribed in Implementation Letters.

SECTION 6.12. U. S. Government-owned Excess Property. The Borrower will consider using for the Project new or reconditioned United States Government-owned excess property which is suitable for the Project and available on a timely basis. Funds under the Loan may be used to finance the costs of obtaining such property for the Project.

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. United States 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. Disbursement for Local Currency Costs. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of local currency for local currency costs of credits, goods and services procured for the Project in accordance with the terms and conditions of this Agreement by submitting to A.I.D. such supporting documentation as A.I.D. may prescribe in

Implementation Letters. A.I.D. shall make such disbursements from local currency owned by the U. S. Government and obtained by A.I.D. with United States dollars in the Central Bank of Chile. The United States dollar equivalent of the local currency made available hereunder will be the amount of United States dollars required by A.I.D. to obtain local currency.

SECTION 7.03. Exchange Rate. The rate of exchange to be used hereunder in any instance where conversion of United States dollars to local currency or vice-versa, is required shall be that official rate of exchange which on the date of such conversion yields the largest number of local currency per dollar.

SECTION 7.04. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.05. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur (a) in the case of disbursements pursuant to Section 7.01, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment, and (b) in the case of disbursements pursuant to Section 7.02, on the date on which A.I.D. disburses the local currency to the Borrower or its designee.

SECTION 7.06. Terminal Date for Disbursement. Except as Borrower and 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 7.04, or amendment thereto, shall be issued in response to requests received by A.I.D. after 36 months from the date the conditions precedent to initial disbursement hereunder are met, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 or 7.02 after 45 months from the date the conditions precedent to initial disbursement are met. A.I.D. at its option, may, at any time, or times after 45 months from the date the conditions precedent to initial disbursement are met, 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 or declare void 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 or any of its constituent agencies or entities shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due 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, or any other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies; then A.I.D. may 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 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 occurs 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 or any of its constituent agencies or entities will be able to perform its obligations under this Agreement;
- (c) It is determined that a disbursement in process would be in violation of the legislation governing A.I.D. (in which case the suspension would only apply to that specific disbursement);
- (d) The Borrower does not follow the provisions of the basic agreement for technical cooperation of January 16, 1951; or
- (e) 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, 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 disbursement other than under outstanding commitment documents;

(iii) decline to issue additional commitment documents;

(iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the Republic of Chile, are in a deliverable state and have not been off loaded in the Republic of Chile or in such ports outside of Chile where, pursuant to international agreements, such goods became Chilean property. 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 of 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, services and credits required for the Project hereunder, to the extent justified; the remainder, if any, shall 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. 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 (5) 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 refund or in connection with amounts due A.I.D. by reasons 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. Non-waiver 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 communications given, made, or sent by the Borrower or by 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: Ministry of Agriculture
Republic of Chile
Teatinos No. 40
Santiago, Chile

with copies to: Agriculture Planning Office (ODEPA)
Teatinos No. 40, 7th floor
Santiago, Chile; and

Central Bank of Chile
Agustinas 1180
Santiago, Chile

TO A.I.D.:

Mail Address: United States A.I.D. Mission to
Chile
c/o United States Embassy
Santiago, Chile

Cable Address: USAID, AmEmbassy
Santiago, Chile

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 the first implementation letter.

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 Agriculture, the executing agencies by the individuals holding or acting in the offices of the President of the Central Bank of Chile and Director of the Agriculture Planning Office, and A.I.D. will be represented by the individual holding or acting in the office of the Director USAID/Chile. 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, the 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. or Borrower of written notice of revocation of the authority of any of the duly authorized representatives designated in this Section, the signature of any such representative or representatives on any instrument may be accepted 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.D. 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. English Language Controls. In cases of ambiguity or conflict between the English and the Spanish versions of this Loan Agreement, the English version shall control.

SECTION 9.06. 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 representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

THE GOVERNMENT OF CHILE

UNITED STATES OF AMERICA

By: _____
Jorge Cauas Lama
Minister of Finance

By: _____
David H. Popper
United States Ambassador to Chile

By: _____
Mario MacKay J.
Minister of Agriculture

By: _____
Pablo Baraona U.
President of the Central Bank

By: _____
James L. Roush
Director
U.S.A.I.D. Mission to Chile

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ANNEX I

PROJECT DESCRIPTION

I. GENERAL DESCRIPTION

A. Purpose

Under this Loan Agreement the Borrower has agreed to undertake a Project making available small farmer credit financed jointly by the Borrower and A.I.D., designed to supplement the Borrower's efforts to: (1) improve incomes of small scale farmers; (2) increase employment opportunities for small farm families; and (3) achieve greater agricultural production in Chile.

The targets for development of the Agricultural Sector the Borrower hopes to reach by the year 1980, and against which the effectiveness of the Project will be measured are the following: A 43% increase in agricultural production, a 16% increase of land under cultivation, a 112% increase in the export of food, and a reduction of 65% in the import of food over the 1975 bases. The behavior of these variables will be measured by the Policy, Planning and Information System (PPIS) presently being established within the Agencies of the Borrower. Equipment and technical assistance for this system will also be financed in part from the Loan.

It is understood that during the carrying out of this Project the Borrower will continue to apply a realistic pricing policy for agricultural products, will provide fiscal support for its extension, research and other programs, will continue a high level interest in small scale farmer development

programs and will maintain efforts to seek assistance to the agricultural sector from other external sources.

B. Parties and Functions

The Project under which credit availabilities to the small scale farmer will be increased will be carried out by the Institute for Agricultural Development (INDAP) and by the financial system which will make subloans in accordance with stated criteria from an Agricultural Production Credit Fund for Small Farmers ("Fund") of \$24 million. The allocation of these resources of this fund to the participating institutions may be modified by an exchange of notes in accordance with the needs and objectives of the Project. The first distribution, tentative in character, is as follows: \$15 million for loans by INDAP to small farmers outside of the reformed sector and \$9 million for loans by financial system to small farmers who may be within or outside of the reformed sector. The Central Bank will administer this fund although INDAP will be responsible for its own credit activities financed by the fund. INDAP's management capacity will be upgraded through technical assistance activity which will be provided insofar as it may be necessary during the carrying out of the credit activity.

A part of the Project will improve the Borrower's ability and capacity to collect, analyze and utilize agricultural sector information in order to assure more effective impact of credit resources and technical assistance in that sector, and in particular, in advancing the well-being of the small scale farmer.

C. Summary of Contributions

Contributions to the Project from the Borrower and from A.I.D. are indicated below. Tentatively they will be distributed as indicated:

	<u>Yr. 1</u>	<u>Yr. 2</u>	<u>Yr. 3</u>	<u>Yr. 4</u>	<u>Total</u>
1. INDAP Subloans					
a. A.I.D.	2,850	3,250	1,400	--	7,500
b. GOC	1,400	3,250	2,850	--	7,500
2. Private Financial System Subloans					
a. A.I.D.	2,000	1,500	1,000	--	4,500
b. GOC	1,000	1,500	2,000	--	4,500
3. Technical Assistance					
A.I.D.	100	300	100	--	500
4. PPIS					
a. A.I.D.					
-equipment, software, supplies and service contract	605	65	23	16	709
-training, TA, and survey costs	185	320	217	69	791
b. GOC					
-survey and personnel costs	750	33	33	34	850
Total	8,890	10,218	7,623	119	26,850
A.I.D.	5,740	5,435	2,740	85	14,000
GOC	3,150	4,783	4,883	34	12,850

II. DETAILED DESCRIPTION

A. Credit Component

The purposes of the credit component are to increase the volume and effectiveness of production credit available to small scale farmers and to improve the allocation of scarce credit resources nationally.

Specific targets desired to be met by the close of 1979 are:

- The addition of 26,250 new clients to INDAP's portfolio;
- Increase of INDAP's volumen of lending to US\$22.6 million equivalent;
- Reduction of delinquent INDAP due loans to 10%;
- The provision of credit under the Project to 11,250 clients by the financial system; and
- An increase of credit user's incomes by 30% over 1975 levels.

1. Credit Fund

A separate Credit Fund, denominated in local currency, will be established in the Central Bank with the contributions of the Borrower and A.I.D. reaching the equivalent of \$24,000,000 over three years.

Recuperations and interest earnings of subloans granted from the credit fund will be used to pay amortization and interest on the Loan and for such other uses as may be agreed between the two parties.

The Credit Fund so generated will be available permanently for relending through INDAP or the financial system.

2. INDAP Activity

a) Credit Operation

Of the Fund described in subparagraph 1, \$15 million will be for the exclusive use of INDAP in providing production credit to small scale and subsistence or marginal farmers outside of the reform sector. From a special account of this Fund, the Central Bank will reimburse INDAP for the full amount of qualifying subloans made by INDAP. The Central Bank will request reimbursement from A.I.D. of the Loan funds for two-thirds of each disbursement to INDAP up to the equivalent of \$4,250,000 in subloans, thereafter for one-half for the next \$6,500,000 equivalent in subloans and, finally, one-third for the next \$4,250,000 equivalent in subloans but not to exceed a total of \$7,500,000 of Loan funds. This formula will result in an equal contribution of the equivalent of \$7,500,000 to the Fund by the Borrower over the disbursement period of the Loan estimated to be three years.

The resources thus established for INDAP under the Fund will be administered by a specialized office in INDAP which will utilize technical assistance financed by the Loan where required. All general overhead and auxiliary services related to its credit program shall be covered from regular budget resources of INDAP.

INDAP will assure the availability to its beneficiaries of complementary services such as technical assistance related to production and productivity improvements, input supplies and market access for

farmer output. Further, INDAP will emphasize and promote delivery of credit and other services through farmer groups organized on either a formal or informal basis and encourage farmer organizations for such purposes where they do not exist.

b) Technical Assistance

Up to \$500,000 of Loan funds may be used to finance technical assistance to INDAP for improving its general operations and the effectiveness of its lending program, including, but not limited to, assistance in developing INDAP's rural development studies especially regarding areas of high incidence of rural poverty, and assistance in reducing loan delinquency rates and in staff training. The technical assistance will be utilized in accordance with a plan developed by INDAP and concurred in by A. I. D. The Borrower's contribution to this activity will be in the form of necessary logistical support determined when the precise services needed are identified.

3. Financial System Activity

Of the Fund previously described above, \$9,000,000 will be used for subloans of the financial system to those beneficiaries that fulfill the eligibility requirements. The following beneficiaries will be considered eligible for this credit:

a) agricultural producers of the reformed sector, as individuals and as organizations;

b) small agriculturalists, either as individuals or through an organization. The criteria for the selection of small agricultural

producers will be contained in the Loan regulations which the Central Bank has to present for the approval of USAID in accordance with Section 3.02(2) (a) of the Agreement.

c) cooperatives or other forms of farmer organizations that request credit, which is to be provided solely to farmers as defined in (a) or (b); and

d) cooperatives or other forms of farmer organizations if at least 75% of their members are within the Project's target group and provided:

(i) If the credit is to be provided to each group member for financing on-farm production operations, then the total financing for non-target farmers must not exceed 50% of the total funds lent to the organization, and the maximum amount of credit that may be provided to each non-target farmer will not exceed the credit required to work 12 basic irrigated hectares.

(ii) If it is intended to finance equipment and general installations required for the production process, then such services must equally benefit all members of the organization.

The farmer organizations participating under the program will include cooperatives, societies of agrarian cooperation (SOCAS), and semi-formal associations of farmers such as suppliers of farm products to agro-industry.

The Central Bank will request reimbursement from A.I.D. Loan funds for two-thirds of each disbursement to private financial institutions

up to the equivalent of \$3,000,000 in subloans, thereafter, for one-half of such disbursements for the next \$3,000,000 equivalent in subloans and, finally, for one-third of disbursements for the next \$3,000,000 equivalent in subloans but not to exceed a total of \$4,500,000 of Loan funds. This formula will result in an equal contribution of the equivalent of \$4,500,000 to the Fund by the Borrower over a three year period.

4. Additional Contributions to the Fund

The Borrower will make whatever additional contributions are necessary to the Fund in order to maintain its real value in accordance with Paragraph II.A.1 of the present Annex and will assure that the interest rates charged to subborrowers reflect the inflation rate plus the market value of money in Chile.

B. The Policy Planning Information System ("PPIS") Component

1. Purposes

The purpose of the PPIS component is to establish a system:

a) to evaluate and provide implementation guidance for the agricultural credit activities of the Project and Chilean agricultural credit activities in general; and b) to modernize and improve the analytical/planning capacity of the Development Planning Office of the Ministry of Agriculture ("ODEPA") so that it can better perform its guidance and policy function on all programs focused on rural poverty. This activity will utilize about \$1,500,000 of Loan funds and will require substantial support by the Borrower for survey and personnel costs.

2. Description

The PPIS will provide the following information:

- a) Survey Based Analytical Information: This effort will focus on problems of (i) income levels of poverty households in the rural sector, (ii) income related problems of employment and underemployment of rural population, and (iii) malnutrition. Information flowing from this effort will consist of summaries of basic data from surveys, accounting information, simple analytical information and information on aggregate inter-relationships (although malnutrition will not be analyzed by the PPIS). The data for this effort will originate in three national sample surveys which will be conducted by the National Statistics Institute ("INE") on a recurring basis with respect to operating agricultural units, agricultural marketing and processing activities, and urban and rural households.
- b) Census Based Data on Structure of Agriculture: This effort involves an agricultural census by INE, regarding farm size, agricultural production and geographical distribution of farm population. As a by-product of this effort, it is expected that INE's capability for modern statistical data processing will be upgraded.
- c) Institutional Data of Public Entities Serving the Agricultural Sector: This effort will modernize the informational flows from a variety of institutions concerned with planning and control in the agricultural sector. The overall information system will serve as a vital planning tool of the Ministry of Agriculture. This component will include the purchase of certain data processing equipment, software, supplies and services. Procurement will be undertaken at an early date in order that the PPIS component will effectively support the credit activities of the Project.

III. EVALUATION

A. Credit Mechanism

The following evaluations are scheduled of this component. The first will be undertaken eight months following the first Loan disbursement and will determine whether changes are needed in the Project's eligibility criteria and lending mechanisms in order to reach effectively the Project's target group. This evaluation will concentrate on the Project purposes and the validity of the assumptions on which the desired end of Project results are based. The second evaluation will be undertaken after the second agricultural year subsequent to the first disbursement and will address the impact of the Project upon the incomes and lives of beneficiaries, and will also review the complete logical framework of the Project. A final evaluation will be undertaken after the last disbursement of Loan funds covering the total Project including the PPIS.

Essential to the above described evaluations will be the effective utilization of the PPIS which will undertake a farm level micro-economic survey, and a rural budget survey, both administered to credit applicants and samples from the rural population.

Additional information on the scope of the evaluations will be provided in Implementation Letters, including a listing of the most important questions to be addressed during the course of the evaluation.

B. PPIS

The PPIS component will be continually analyzed with respect to its capacity to provide information for the evaluation of the Project. The final Project evaluation will formally address the effectiveness of the system in: (1) providing baseline measurements of income, resources and economic potential of the target group; (2) evaluating the impact of projects, programs and policies; (3) evaluating the Project's credit mechanism; and (4) making available information to agencies outside of ODEPA.

The cost effectiveness of the information system will also be evaluated.

C. Implementation of Evaluation

An estimated 16 man-months of technical assistance will be required for the design of the systems for evaluation and periodic analysis. It is anticipated that interviews of 1,000 applicants the first year, 1,500 the second, and 2,000 the third will be effected.

IV. IMPLEMENTATION SCHEDULE

The Project shall be implemented as closely as possible in accordance with the following schedule:

<u>Date</u>	<u>Credit</u>	<u>PPIS</u>
July 1976 July 30, 1976	Loan Agreement signed.	Loan Agreement signed. Conditions Precedent met, begin procurement process for equipment.
August 31, 1976	Conditions Precedent met.	
September 15, 1976	First Loan Reimbursement to Central Bank.	
September 30, 1976	Agreed plan for use of technical assistance.	
October 31, 1976	Solicitation for technical assistance.	
November 30, 1976	INDAP technical assistance contract signed.	
January 31, 1977		Data processing capability in place.
May 15, 1977	First credit evaluation.	
May 31, 1977	Second year credit dis- tribution plan presented.	Begin processing of census field data, target group pene- tration evaluation completed.
June 30, 1977		Second year implementation plan completed.
February 28, 1978		Credit effectiveness evalua- tion completed.
March 15, 1978	Second credit evaluation.	
March 31, 1978	Third year credit distri- bution plan presented.	
June 30, 1978		Third year implementation plan presented.
June 30, 1979	Final disbursement for credit.	
December 31, 1979		Loan evaluation report completed, final disburse- ment for PPIS.

The conditions precedent call for the submission, among other things, of a credit plan for the use of funds made available to INDAP. This plan will be reviewed by ODEPA and will represent a coordinated view of the Ministry of Agriculture as to credit needs by year, by crop and by users of the credit with greater specificity for the first year. This plan will also refer to programs for extending technical assistance and extension services to small farmers, cooperatives and farmer associations using the credit. The plan for technical assistance to INDAP will also be reviewed and approved by ODEPA prior to submission to the USAID Mission.

The logical framework which follows is a summary of the Project Design and will be used as a point of reference for the startup, development and evaluation of the Project.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: Agricultural Production Credit

- 3 -

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To improve incomes, farm productivity, and employment opportunities of small farm families; and achieve greater agricultural production.</p> <p>Project Purpose:</p> <p>Increase the volume and effectiveness of production credit available to small scale farmers and improve the allocation of agricultural credit resources nationally.</p>	<p>Measures of Goal Achievement:</p> <ul style="list-style-type: none"> - Increased real small farm incomes and value of small farm output. - Expansion of rural employment. - Progress in meeting GOC 1980 targets of 43% inc. in ag. prod., 16% inc. in land under cultivation, 112% inc. in foods exports, and 65% dec. in food imports over 1975 base. <p>End of Project Status:</p> <ul style="list-style-type: none"> - 26,250 additional INDAP clients over 1975 total (est. at 25,000). - Increase INDAP volume from \$6.6 million in 1975 to \$22.6 million in 1979. - % INDAP loans delinquent declines to 10% in 1979. - 11,250 financial system credit recipients. - New credit users incomes increase by 30% from 1976 to 1979. 	<ul style="list-style-type: none"> - Analysis of field data collected by the Ministry of Agriculture and PPIS. - National statistics particularly those of ODEPA and INE. - INDAP records. - Central Bank and private financial institutions' records. - Analysis of field data as stated in Evaluation Plan. - PPIS and Agricultural Census publications. - Continuous evaluation of ag credit policies. 	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> - GOC will: continue pricing policies, fiscal support, extension, research and other programs for agricultural recovery. - Continued GOC interest in small farmer development programs. - Other donors will carry out plans to provide financial and technical support to the agricultural sector. <p>Assumptions for achieving purpose:</p> <ul style="list-style-type: none"> - INDAP continues to be responsible for providing assistance to small farmer. - Production inputs available. - Survey results provide reliable information. - The GOC will consider PPIS activities to have sufficient merit to justify their continuation. - Better information will lead to better policy and project formulation.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: Agricultural Production Credit

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Outputs</p> <ol style="list-style-type: none"> 1. Permanent INDAP Small Farmer Credit Fund. 2. INDAP integrated rural identification planning capability. 3. Financial system small farmer credit fund. 4. PPIS installed. <p>Project Inputs</p> <p>(See Summary of Contributions Annex I, Section I.-C.)</p>	<p>Implementation Target (Type and Quantity)</p> <ol style="list-style-type: none"> 1. a. Capital value of \$15 million equivalent by 1979. b. Debt management policy in place. 2. Area Development Projects: 2 by 1977; 5 by 1978. 3. a. Real capital value \$9 million equivalent by 1979; b. 5 participating entities by 1977. 4. a. Three farm level surveys completed by 1979; b. Two household surveys completed by 1979; c. Agricultural Census processing and publication completed by 1978; d. Institutional Information System in place by 1978; e. Three evaluations by 1979. 	<p>MEANS OF VERIFICATION</p> <ul style="list-style-type: none"> - INDAP, Central Bank and financial institutions records. - PPIS and Agricultural Census publications. <p>AID/GOC Budget</p>	<p>IMPORTANT ASSUMPTIONS</p> <p>Assumptions for providing outputs:</p> <ul style="list-style-type: none"> - GOC continues policy of market interest rates for agricultural credit - Financial system will have interest in small farmer lending. - A. I. D. will provide \$40,000 grant for evaluation work in CY 76. - CONPAN will provide \$95,000 for PPIS in CY 76. - Adequate GOC personnel can be hired or trained and retained for the PPIS <p>Input Assumptions:</p> <ul style="list-style-type: none"> - Equipment, T.A., and Software will be available on a timely basis.

