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A.I.D. LOAN No. 514-L-057

Note: Records in
December without
documentation ✓

ALLIANCE FOR PROGRESS

LOAN AGREEMENT

Between the

REPUBLIC OF COLOMBIA

the

BANCO DE LA REPUBLICA

and the

UNITED STATES OF AMERICA

Private Investment Fund

Dated: December 22, 1969

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ALLIANCE FOR PROGRESS

LOAN AGREEMENT

LOAN AGREEMENT, in furtherance of the Alliance for Progress, dated the 22nd day of December, 1969, between the REPUBLIC OF COLOMBIA ("Government"), the BANCO DE LA REPUBLICA ("Borrower"), and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

The Loan; The Program

SECTION 1.01. The Loan. A.I.D. hereby agrees to lend to Borrower pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed ten million United States dollars (\$10,000,000) ("Loan"), for the United States dollar costs of the Program as defined in Section 1.02. The aggregate amount disbursed hereunder is hereinafter referred to as "Principal",

SECTION 1.02. The Program. The purpose of the Loan is to make United States dollars available on appropriate terms to finance industrial and agro-industrial projects in the Colombian private sector under the auspices of Borrower, the central banking institution of Colombia, through the Private Investment Fund ("PIF"), which fosters economic development by assisting intermediate credit institutions (ICIs") to make loans for the following purposes :

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(a) diversification and promotion of exports; (b) elimination of production bottlenecks; and (c) import substitution, all as further described in Borrower's Resolution No. 11, dated February 28, 1963.

The Principal shall be made available by Borrower to PIF as provided for in Section 3.01 (f). PIF, under the direction of Borrower, will make the Principal available to ICIs as provided in this Agreement for loans ("Project Loans") to private borrowers ("Private Borrower") for projects eligible for PIF financing pursuant to the provisions of this Agreement.

Project Loans shall conform to the provisions of Resolution No. 11 of February 28, 1963, issued by the Board of Director of Borrower, and to amendments thereto and modifications thereof which have been approved by A.I.D. in writing.

Project Loans will require prior written approval by PIF and will be in accordance with this Agreement and such other criteria as subsequently may be agreed upon in writing by PIF and A.I.D.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. Borrower shall pay to A.I.D. interest which shall accrue at the rate of five and one-half (5½) percent per annum on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding

balance of Principal shall accrue from the date of each respective disbursement (as such date as 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.

*not int
4-23-7*

SECTION 2.02. Repayment. Borrower shall repay to A.I.D. the Principal within fifteen (15) years from the date of the first disbursement hereunder in twenty-one (21) approximately equal semi-annual installments of Principal and interest. The first installment of Principal shall be due and payable four and one-half ($4\frac{1}{2}$) years after the first payment of interest is due in accordance with Section 2.01.

*Handwritten
10-23-7*

SECTION 2.03. Application. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of any interest due and then to the repayment of the 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, Bogotá, Colombia, and shall be deemed to have been paid when so received by A.I.D.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, 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. Special Payment Procedure

(a) If prior to the day on which the first interest payment is due A.I.D. shall notify Borrower in writing that Government has made the election provided for in the Payment Agreement attached hereto, Borrower, until A.I.D. shall give notice otherwise, shall discharge its obligations to make payments pursuant to this Article, and, if A.I.D. so directs, pursuant to Section 9.02, by making all such payments in accordance with the terms of this Agreement to Government in pesos at the exchange rate set forth in Section 5.04.

(b) Receipt by Borrower of notice of election pursuant to subsection 2.05 (a) shall not terminate those payment obligations of Borrower to A.I.D. under this Agreement not discharged in accordance with the terms of subsection 2.05 (a) or the rights of A.I.D. with respect thereto or the other rights of A.I.D. under this Agreement.

SECTION 2.06. Renegotiation of the Terms of the Loan. In the light of the undertaking 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, 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 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

SECTION 3.01. Conditions Precedent. Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, Borrower or Government, as the case may be, 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 or opinions of the highest legal officer of Borrower, or of other counsel satisfactory to A.I.D., to the effect that:

(1) this Agreement has been duly authorized or ratified by, and executed on behalf of, Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms;

(ii) Borrower is not in violation of, and its actions in connection with the Agreement do not, and will not, conflict with or result in any violation of, the provisions of any present agreement, franchise, concession, license, permit, decree, order, statute, ordinance, or other governmental rule or regulation applicable to Borrower;

(iii) all applicable taxes, charges, or fees, if any, imposed under laws in effect as of the date of such opinion within Colombia on or in connection with the execution, delivery, recording or registration of this Agreement, any promissory notes which may be issued hereunder, and the indebtedness evidenced thereby, the repayment of Principal or payment of interest, have been duly paid by Borrower and all payments by Borrower of Principal and interest hereunder are exempt from all Colombian income, withholding and other taxes;

(iv) all applicable requirements, if any, for the registration or recording of this Agreement have been complied with in such manner as is required within Colombia to protect and preserve the rights of A.I.D. hereunder;

(v) All of Borrower's stock outstanding as of the date of such opinion is validly issued and fully paid; and

(vi) Borrower is a duly organized and existing corporation under the laws and decrees of Colombia with full authority to undertake the Program, to enter into and carry out all of its obligations under this Agreement, and has obtained all authorizations, consents or approvals required in connection with the execution and performance of this Agreement.

(b) An opinion or opinions of the highest legal officer of Government, or of other counsel satisfactory to A.I.D., to the

effect that this Agreement has been duly authorized or ratified by, and executed on behalf of, Government and constitutes a valid and binding obligation of Government in accordance with its terms.

(c) A statement of the names of the person holding or acting in the offices of Borrower and Government specified in Section 10.02, and a specimen signature of each person specified in such statement.

(d) Evidence from Borrower that PIF has implemented organizational changes sufficient to enable it more efficiently to carry out the Program.

(e) Evidence from Borrower that PIF has taken steps to comply with the requirements of Section 5.02.

(f) A statement from Borrower setting forth the basic terms under which the Borrower will make the Principal available to PIF.

(g) Evidence that Resolution No. 11 has been amended to reflect the following lending policies of PIF:

(1) The term of Project Loans may range from five (5) to ten (10) years, inclusive;

(11) For Project Loans of five (5) year maturity the interest rate charged to the Private Borrower by the ICI will be fifteen and one-half ($15\frac{1}{2}$) percent per annum. The interest rate will be one-half ($\frac{1}{2}$) percent per annum higher for each additional year or fraction thereof by which the repayment term is lengthened;

provided, however, that the maximum interest rate which may be charged to the Private Borrower by the ICI is eighteen (18) percent per annum;

(iii) ICIs will retain a uniform three (3) percent per annum interest margin for Project Loans and pay the remainder to PIF; and

(iv) With respect to each Project Loan the Private Borrower shall pay PIF a commitment fee of three-quarters of one (3/4 of 1) percent per annum on the committed but undisbursed balance of the Project Loan.

(h) A statement of Borrower setting forth Resolution 11 of February 28, 1963, and all amendments thereto and modifications thereof which have been approved by A.I.D. in writing.

SECTION 3.02. Terminal Date for Fulfillment of Conditions Precedent. Except as A.I.D. may otherwise agree in writing, if all of the conditions specified in Section 3.01 have not met within sixty (60) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D. may at any time thereafter at its option terminate this Agreement by giving written notice to Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.03. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01 have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Program. Borrower shall carry out the Program with due diligence and efficiency in conformity with sound banking, technical and financial practices, under supervision of qualified and experienced management, and in accordance with the provisions outlined in this Agreement. Borrower shall exercise its rights, in relation to PIF and ICIs, so as to protect the interests of Borrower and A.I.D., to meet the requirements and discharge the obligations of Borrower under this Agreement and to facilitate the success of the Program.

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

SECTION 4.03. Continuing Consultation. Borrower and A.I.D. shall cooperate fully to assure 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 Program, the performance by Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Program, and other matters relating to the Program.

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A full review of the status of the Loan, lending policies and procedures and other matters pertaining to the Loan will take place between A.I.D. and Borrower at least once a year, or more frequently at the option of any of the parties hereto. The review shall include PIF's cash flow projections with respect to its ability to amortize the Loan and PIF's policies with respect to import substitution criteria and effects.

SECTION 4.04. Management. Borrower shall provide qualified and experienced management for the Program, and it shall train such staff as may be appropriate for the continued operation of the Program.

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 Colombia.

SECTION 4.06. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Program, except as 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.

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 Program and the discharge of its obligations under this Agreement. Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Program or the discharge of 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 Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. 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) Borrower warrants and covenants that no payments have been or will be received by Borrower, or any official of Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the country of Borrower.

SECTION 4.09. Maintenance and Audit of Records. Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating to the Program 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 Program.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals

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as A.I.D. may require, and shall be maintained for five (5) 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) Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Program as A.I.D. may request.

(b) Borrower will require that the ICIs furnish PIF with regular quarterly reports containing information as to the progress of projects financed by Project Loans from the time disbursement is made to a Private Borrower until such time as the project is completed. Such reports will cover the entire project, and will not be limited to that portion being financed by a Project Loan made by an ICI. Such official reports will be based on on-site inspections by qualified technicians on the staff of the ICI or engaged by it.

SECTION 4.11. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Program, the utilization of all goods and services financed under the Loan, the Project Loans and Borrower's books, records and other documents relating to the Program, the Project Loans and the Loan. Borrower and Government shall cooperate with A.I.D. to facilitate review of the operations of Borrower, PIF, ICI's

and Private Borrower and shall permit representatives of A.I.D. to visit any part of Colombia for any purpose relating to the Loan.

ARTICLE V

Specific Covenants and Warranties

SECTION 5.01. Project Loans. Borrower shall take all steps necessary to ensure that all Project Loans financed in whole or in part hereunder are made in accordance with Section 1.02 and the following provisions, except as A.I.D. may otherwise agree in writing:

(a) Proposed Project Loans in excess of five hundred thousand United States dollars (\$500,000) shall be referred, through USAID, to the Export-Import Bank of Washington, D.C. ("the Bank") for possible financing by the Bank. A.I.D. agrees to use its best efforts to obtain an expeditious expression of interest or disinterest by the Bank with regard to such a project. If the Bank expresses no interest in financing such a project, A.I.D. will so advise Borrower and return the documents indicating whether the proposed Project Loan is eligible for PIF financing under the Loan.

(b) Project Loans under this Agreement will not be made which are likely to result in increased production of non-food crops in world surplus. Such crops will be identified from time to time by A.I.D. in Implementation Letters.

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(c) No Project Loan will be made where the total PIF financing (including pesos and foreign exchange, regardless of source) would finance more than seventy (70) percent of the total cost of the project.

(d) No Project Loan will be made for a project part of the foreign exchange costs of which will be met through the use of excessively short-term or costly supplier credits.

(e) No Project Loan shall be approved by PIF unless the Private Borrower has prepared a feasibility study concerning the proposed project, and the ICI has supplied PIF with a copy thereof and of the ICI's evaluation and analysis thereof.

(f) Project Loans shall be made pursuant to loan agreements the form of which (including any changes therein) A.I.D. shall have approved in writing and which shall contain provisions satisfactory to A.I.D. with respect to maintenance and audit of records, reports and inspections.

SECTION 5.02. Separate Account. All payments of interest and repayments of Principal with respect to Project Loans shall be placed by PIF in a separate account. To the extent that such payments and repayments exceed the amount of funds required to meet Borrower's payment obligation under Article II, they will be utilized by PIF during the terms of the Loan for relending pursuant to the terms applicable to the Program.

SECTION 5.03. Resolution 11. Rates of interest and all other terms of sub-lending by PIF of Loan funds shall be subject

to the provisions of Resolution 11 of February 28, 1963, as amended or modified from time to time with the prior written approval of A.I.D.

SECTION 5.04. Rate of Exchange. The rate of exchange between United States dollars and Colombian pesos in all transactions pursuant to this Agreement shall be at the highest rate, at the time the United States bank makes payment in United States dollars to a contractor or supplier pursuant to this Agreement, at which Borrower sells dollars to Colombian importers for essential imports.

SECTION 5.05. Exports. Unless A.I.D. shall otherwise agree in writing, at least sixty (60) percent of the proceeds of the Loan will be used for Project Loans whose primary justification is the promotion and diversification of exports.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from the United States. Except as A.I.D. may otherwise agree in writing and for marine insurance, disbursements made pursuant to Section 7.01 or Section 7.02 shall be used exclusively to finance the procurement for the Program of goods and services having both their source and origin in the United States of America. All ocean shipping financed under the Loan shall have both its source and origin in the United States of America.

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.

SECTION 6.03. Goods and Services Not Financed Under Loan. Goods and services procured for the Program, 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 6.04. Implementation of Procurement Requirements. The definitions applicable to the eligibility requirements of Sections 6.01 and 6.03 will be set forth in detail in Implementation Letters.

SECTION 6.05. 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 6.06. Shipping and Insurance

(a) Goods procured from the United States and financed under the Loan shall be transported to the country of 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 goods procured from the United States and financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers) which shall be 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 Borrower, has designated as ineligible to carry AID-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 under the Loan must be purchased by the Colombian importer from the United States exporter on a CIF basis. The term "CIF" shall mean that the United States exporter purchases the marine insurance and freight, and includes those items in the total cost of the goods to the Colombian importer.

(d) A.I.D.'s financing of ocean freight is limited to 90% 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 98% of ocean freight costs.

SECTION 6.07. 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, 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 6.08. Information and Marking. Borrower shall give publicity to the Loan and the Program as a program of United States aid in furtherance of the Alliance for Progress and require ICIs to ensure that, to the maximum extent practicable, the clasped hands and Alliance for Progress symbols are conspicuously posted on any project financed by a Project Loan.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursement for United States Dollar Costs - Letters of Commitment to United States Banks. Upon satisfaction of conditions precedent, 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 United States dollar costs of goods and services procured for the Program 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 Borrower and may be financed under the Loan.

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

SECTION 7.03. Date of Disbursement. Disbursement by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to Section 7.01, on the date on which A.I.D. makes a payment to Borrower, to its designee, or 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 July 1, 1971, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after July 1, 1972. A.I.D., at its option, may at any time or times after July 1, 1972 reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VIII

Guaranty

SECTION 8.01. Guaranty of Obligations of Borrower. Government, as guarantor, hereby unconditionally and absolutely, jointly

and severally as primary obligor with Borrower, undertakes to make to A.I.D., in accordance with the terms of this Agreement, due and punctual payment in dollars of the Principal of and the interest on the Loan.

SECTION 8.02. Further Duties of Government as Guarantor.

Government shall furnish such information and take such steps, relating to making its guaranty operative, as A.I.D. may reasonably request.

ARTICLE IX

Cancellation and Suspension

SECTION 9.01. Cancellation by Borrower. Borrower, may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan which: (i) prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) 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 9.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) Borrower or Government shall have failed to comply with any other provision of this Agreement, including, with-

out limitation, the obligation to carry out the Program with due diligence and efficiency; or

- (c) Borrower or Government 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 Borrower, any of its agencies or Government and A.I.D., or any of its predecessor agencies,

then A.I.D. may, at its option, give to 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 9.03. Suspension of Disbursement. If 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 Government will be able to perform their obligations under this Agreement;

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

(d) Borrower or Government 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 Borrower or Government 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; or

(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 country of Borrower, are in a deliverable state and have not been offloaded 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 9.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 9.03, 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 9.05. 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 or all Principal and any accrued interest hereunder.

SECTION 9.06. 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 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 Program 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 Program 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 9.07. 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 reason of the occurrence of any of the events specified in Section 9.02 may be charged to Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 9.08. 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 of such rights, powers, or remedies.

ARTICLE X

Miscellaneous

SECTION 10.01. Communications. Any notice, request, document, or other communication given, made, or sent by Government, 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 GOVERNMENT:

Mail Address : Ministerio de Hacienda y Crédito Público
Bogotá, Colombia

Cable Address: MINHACIENDA
Bogotá, Colombia

TO BORROWER:

Mail Address : Banco de la República
Bogotá, Colombia

REDESBANCO
Bogotá, Colombia

TO A.I.D.:

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

Cable Address: AMEMBASSY
Bogotá, Colombia

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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 10.02. Representatives. For all purposes relative to this Agreement, Government will be represented by the individual holding or acting in the Office of Minister of Finance and Public Credit, Borrower will be represented by the individual holding or acting in the office of General Manager, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director of the 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 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 10.03. 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 10.04. Promissory Notes. At such time or times as A.I.D. may request, Borrower shall issue promissory notes or such other evidence of indebtedness with respect to its obligations under the Loan, which have not been discharged pursuant to Section 2.05, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 10.05. Termination Upon Full Payment. Upon payment by Borrower 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.

SECTION 10.06. Amendment with respect to Procurement Policies. By written agreement of the parties hereto, the terms of this Agreement will be revised to conform to the procurement policies announced by the President of the United States on October 31, 1969.

IN WITNESS WHEREOF, Government, 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.

REPUBLIC OF COLOMBIA

By: Abdón Espinosa Valderrama

Title: Minister of Finance and Public Credit

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BANCO DE LA REPUBLICA

By: Germán Botero de los Ríos
Title: General Manager

UNITED STATES OF AMERICA

By: Jack H. Vaughn
Title: Ambassador of the United States of
America to Colombia

By: Marvin Weissman
Title: Director of USAID Mission to Colombia

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UNCLASSIFIED

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ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: EXSEC

FROM: AA/LA, James R. Fowler *JRA*

Problem: To amend existing authorizations for loans authorized but unsigned as of November 1, 1969, in order to carry out the President's decision to "untie" aid to Latin America.

Discussion: The President's decision to untie aid applies to loans to be authorized after October 31, 1969, and also to all loans which, as of that date, were authorized but not yet signed. To implement this decision, all of the relevant authorizations must be amended. The attached "blanket" amendment will achieve this end. Basically, this amendment does the following:

1. It modifies those authorizations provisions with eligible source and origin of goods and services procured under loans.
2. It modifies provision of the authorizations which deal with local cost financing mechanisms. The provisions presently speak of Special Letters of Credit tied to U.S. procurement. The amendment will make the provision flexible enough so as to avoid any further authorization amendment when the decision on how to handle local cost financing has been made.

Recommendation: That you sign the attached blanket amendment to the authorizations.

Drafted: LA/AGC: *sed* IALevy: clp: 12/10/69

Cleared: AA/LA: HKLeine *HK*

Attachment: Loan Authorization
. . . Amendment

RECEIVED
JAN 12 4 00 PM '70
INTERNATIONAL
LOAN BRANCH

UNCLASSIFIED

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

DEC 18 1969

OFFICE OF
THE ADMINISTRATOR

LOAN AUTHORIZATION
AND
PROGRAM ASSISTANCE APPROVAL DOCUMENT
AMENDMENT

Pursuant to the authority vested in the Administrator, Agency for International Development (hereinafter referred to as "A.I.D."), by the Foreign Assistance Act of 1961, as amended, I hereby amend the Loan Authorizations and Program Assistance Approval Documents (collectively hereinafter referred to as "Authorizations") for the following loans:

AID Loan No.	511-L-038	Bolivia
	512-L-067	Brazil
	512-L-068	Brazil
	512-L-069	Brazil
	512-L-074	Brazil
	512-L-077	Brazil
	512-L-079	Brazil
	512-L-078	Brazil
	513-L-042	Chile
	513-L-044	Chile
	513-L-043	Chile
	514-L-056	Colombia
	514-L-057	Colombia
	515-L-021	Costa Rica
	517-L-022	Dominican Republic
	517-L-023	Dominican Republic
	518-L-030	Ecuador
	518-L-031	Ecuador
	518-L-032	Ecuador
	519-L-013	El Salvador
	519-L-014	El Salvador
	519-L-015	El Salvador
	520-L-016	Guatemala
	520-L-017	Guatemala
	522-L-015A	Honduras
	525-L-008A	Panama
	525-L-029	Panama
	525-L-032	Panama
	525-L-033	Panama
	525-L-034	Panama
	525-L-035	Panama
	526-L-019	Paraguay

as follows:

514-L-057 35X

1. With respect to those Authorizations listed above which authorize the financing of only United States dollar costs, the source and origin provisions are amended to read as follows (except that, with respect to loans 514-L-056 and 514-L-057, the presently existing provision pertaining to marine insurance shall continue in effect, and the second sentence below shall not apply):

"Except for marine insurance, goods and services financed under the loan shall have their source and origin in the United States or any independent country of the Western Hemisphere south of the United States except (a) Cuba and (b) the country of the Borrower. Marine insurance financed under the loan shall have its source and origin in the United States or any independent country of the Western Hemisphere south of the United States except Cuba, provided, however, that such insurance may be financed under the loan only if it is obtained on a competitive basis and any claims thereunder are payable in convertible currencies."

2. With respect to those Authorizations listed above which authorize the financing of United States dollar and local currency costs

(a) the source and origin provisions are amended to read as follows:

"Except for marine insurance, goods and services financed under the loan shall have their source and origin in the United States or any independent country of the Western Hemisphere south of the United States except Cuba. Marine insurance financed under the loan shall have its source and origin in the United States or any independent country of the Western Hemisphere south of the United States except Cuba, provided, however, that such insurance may be financed under the loan only if it is obtained on a competitive basis and any claims thereunder are payable in convertible currencies."

(b) Notwithstanding subparagraph (a) above, any limitation presently existing in a loan authorization upon the amount of local currency costs to be financed under any loan shall remain in full force and effect.

(c) The Special Letter of Credit provisions are amended to read as follows:

"United States dollars utilized under the loan to finance local currency costs shall be made available pursuant to procedures satisfactory to A.I.D."

3. With respect to those Authorizations listed above which provide for commodity financing in accordance with A.I.D. Regulation No. 1, to the extent that any of the above provisions of this authorization amendment are inconsistent with the applicable provisions of said Regulation 1, the provisions of this authorization amendment shall govern.

Except as expressly stated herein the Loan Authorizations listed above shall remain in full force and effect.

Richard P. Pate
Deputy Administrator

12/18/69
Date

Clearances:

IA/DR, F. Kimball	<u>FK</u>	Date	<u>12/5</u>
PPC/CA, H. Folk	<u>H.F.</u>	Date	<u>12/9/69</u>
A/CONT, C. Flinger	<u>CF</u>	Date	<u>12/12/69</u>
GC/LA, I. Levy	<u>IL</u>	Date	<u>12/4</u>
GC, S. Ives	<u>SI</u>	Date	<u>12/11</u>
AA/LA, H. Kleine	<u>HK</u>	Date	<u>12/9/69</u>
AA/LA, J. Fowler	<u>JF</u>	Date	<u> </u>

GC/LA, I. Levy:lb:12/4/69

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

OFFICE OF
THE ADMINISTRATOR

A.I.D. Loan No: 514-L-057
Ref: AID-DLC/P-836

LOAN AUTHORIZATION

Provided from: Alliance for Progress Loan Funds
COLOMBIA: Banco de la Republica
(Private Investment Fund)

Pursuant to the authority vested in the Administrator, Agency for International Development ("A.I.D."), by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby authorize the establishment of a loan ("Loan") pursuant to Part I, Chapter 2, Title VI, Alliance for Progress, to the Banco de la Republica ("Borrower") of not to exceed ten million United States dollars (\$10,000,000) to assist in financing the United States dollar costs of sub-loans by the Private Investment Fund ("PIF") for industrial and agro-industrial projects, the Loan to be subject to the following terms and conditions:

1. Interest and Terms of Repayment:

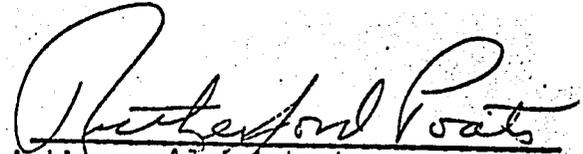
- (a) Borrower shall repay the loan to A.I.D. in United States dollars within a period to be negotiated with the Government of Colombia, but in no event to be less than fifteen (15) years, or greater than forty (40) years, from the first disbursement of the Loan, including a grace period of not to exceed five (5) years. Borrower shall pay to A.I.D. in United States dollars on the disbursed balance of the Loan interest of five and one-half (5 1/2) percent per annum.
- (b) If prior to the date the first interest payment is due, the Government of Colombia ("Government") so elects, Borrower shall fulfill its dollar obligation under the Loan by paying the Government in the currency of Colombia the equivalent, determined as of a time and in a manner satisfactory to A.I.D., of the United States dollar amounts payable to A.I.D. under (a) above, and in such event Government shall pay to A.I.D.:
 - (i) The equivalent in United States dollars, determined as of a time and in a manner calculated to obtain repayment of all dollars disbursed plus interest, of all amounts paid to Government by Borrower as follows:

- a. All interest immediately upon receipt subject to Government's right to retain all payments in excess of two (2) percent per annum during a grace period of not to exceed ten (10) years from the first disbursement under the Loan ("Government grace period") and all payments in excess of three (3) percent per annum thereafter.
- b. Principal within forty (40) years, including the Government grace period.
 - (i) Interest in United States dollars of two (2) percent per annum during the Government grace period, and three (3) percent per annum thereafter, on all amounts of outstanding principal paid by Borrower to Government from the respective dates of such payments of principal.

2. Other Terms and Conditions

- (a) Equipment, materials and services financed by the Loan shall be procured from the United States of America, except marine insurance when such insurance is placed in the free world on a C.I.F. basis by the U.S. supplier.
- (b) Sub-loans by PIF financed by the Loan shall be made in accordance with Borrower's Resolution 11 dated February 28, 1963, as from time to time modified in a manner mutually satisfactory to A.I.D. and Borrower, except that subloans financed by the Loan may not exceed seventy (70) percent of the total costs of the financed project.
- (c) Government shall guaranty the payment of interest on, and the repayment of the principal of, the Loan.
- (d) At least once a year, A.I.D., Borrower and the PIF will review the status of the Loan, lending policies and procedures and such other matters pertaining to the Loan as A.I.D. may request, such as, but not limited to, import substitution criteria and effects.

- (e) The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.


Acting Administrator

6/30/69
Date

A.I.D. Loan Number 514-L-057

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ALLIANCE FOR PROGRESS

PAYMENT AGREEMENT

Between the

REPUBLIC OF COLOMBIA

and the

UNITED STATES OF AMERICA

Dated: December 22, 1969

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A L L I A N C E F O R P R O G R E S S

P A Y M E N T A G R E E M E N T

PAYMENT AGREEMENT, in furtherance of the Alliance for Progress, dated the 22nd day of Dec., 1969, between the REPUBLIC OF COLOMBIA ("Government") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

Loan Agreement; Principal

SECTION 1.01. The Loan Agreement. The loan agreement, A.I.D. Loan No. 514-L-057 between Government, the Banco de la República ("Borrower") and the United States of America, dated the 22nd day of December, 1969, establishing a loan to Borrower of not to exceed ten million United States dollars (\$ 10,000,000) (the "Loan"), is herein called the "Loan Agreement".

SECTION 1.02. Principal. The aggregate disbursements of the Loan by A.I.D. are hereinafter called the "Principal".

ARTICLE II

Special Payment Procedure

SECTION 2.01. Receipt of Borrower's Payments. Pursuant to Section 2.05 of the Loan Agreement, Government and A.I.D. hereby agree

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that Government shall receive from Borrower payments in Colombian pesos in discharge of Borrower's obligations to make payments in United States dollars under the Loan Agreement.

SECTION 2.02. Notice. Upon satisfactory completion of the conditions precedent set forth in Article IV of this Agreement, A.I.D. shall notify Borrower in accordance with the Loan Agreement that this Agreement is in effect.

SECTION 2.03. Use of Borrower's Payments. Borrower's payments shall be deposited by Government in a separate account, and, unless A.I.D. agrees otherwise in writing, to the extent that such payments exceed the amounts necessary to service the Loan, such account shall be drawn upon by Government for purposes beneficial to the economic and social development of Colombia consistent with the goals of the Alliance for Progress and as shall be agreed by Government or its designee and A.I.D.

ARTICLE III

Government's Payment of United States Dollars to A.I.D.

SECTION 3.01. Amortization. Government agrees to pay to A.I.D. an amount of United States dollars equivalent to the amount of Colombian pesos paid by Borrower to Government pursuant to Borrower's obligations under the Loan Agreement to repay Principal in United States dollars by payment of Colombian pesos in accordance with Section 2.05 of the Loan Agreement. Such payments to A.I.D.

Handwritten:
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shall be made in sixty-one (61) semi-annual installments, the first such installment to be due and payable nine and one-half ($9\frac{1}{2}$) years after the date on which the first payment of interest is due from Borrower. The amount of each installment shall be determined by dividing the total amount of Government's United States dollar repayment obligation of Principal outstanding immediately before the making of the installment by the number of installments remaining to be made at that time.

SECTION 3.02. Interest —

(a) Government agrees to pay to A.I.D. an amount of United States dollars equal to the amount of Colombian pesos paid by Borrower to Government pursuant to Borrower's obligations under Section 2.05 of the Loan Agreement to pay interest in United States dollars by payments in Colombian pesos, provided, however, that during the first ten (10) years after the first disbursement under the Loan, Government may retain all interest paid by Borrower in excess of two (2) percent per annum on the outstanding Principal at the time of such payment by Borrower, and that thereafter Government may retain all interest paid by Borrower in excess of three (3) percent per annum on the outstanding Principal at the time of such payment by Borrower. Such payments to A.I.D. shall be due and payable upon the receipt by Government of interest payments by Borrower.

(b) Government agrees to pay to A.I.D. in United States dollars interest on Government's outstanding United States dollar repayment obligation of Principal at the rate of two (2) percent per annum during the first ten years after the first disbursement, and at three (3) percent per annum thereafter, all to be computed on the basis of a 365-day year. Such payments shall be made semi-annually beginning not later than six (6) months after the first payment of Principal from Borrower to Government on a date specified by A.I.D.

SECTION 3.03. Exchange Rate. The rate of exchange to be applied for purposes of the Loan Agreement and of this Agreement shall be the rate specified in Section 5.04 of the Loan Agreement.

SECTION 3.04. 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, USAID Mission to Colombia, Bogotá, and shall be deemed made when received by the Office of the Controller.

SECTION 3.05. Prepayment. Upon payment of all interest and refunds then due, Government 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 3.06. 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, Government 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 Government, 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 IV

Conditions Precedent

SECTION 4.01. Conditions Precedent to Effectiveness of Election of Special Payment Procedure. Government's election of the Special Payment Procedure pursuant to Section 2.01 shall not become effective, and A.I.D. shall not notify Borrower thereof unless and until as a condition precedent, Government has furnished to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion or opinions of the Legal Advisor to the President of the Republic or of other counsel satisfactory to A.I.D. to the effect that this Agreement has been duly authorized or ratified by, and executed on behalf of Government and constitutes

a valid and legally binding obligation of Government in accordance with its terms; and

(b) A statement of the names of the persons holding or acting in the office of Government specified in Section 8.02, and a specimen signature of each person specified in such statement.

SECTION 4.02. Terminal Date for Fulfillment of Conditions Precedent. If the conditions required by Section 4.01 of this Agreement have not been met before the day on which the first interest payment is due A.I.D. under the Loan Agreement, or such other date as A.I.D. shall agree to in writing, A.I.D. may at any time thereafter terminate this Agreement by giving notice to Government. Upon such termination, all obligations of the parties hereto under this Agreement shall cease.

ARTICLE V

Covenants and Warranties

SECTION 5.01. Notice of Adverse Developments. Government represents and warrants that it has disclosed to A.I.D. all facts and circumstances which may materially affect the discharge of its obligations under this Agreement and covenants that it will promptly inform A.I.D. of any conditions which interfere with, or which it is reasonable to believe will interfere with, the discharge by Government of its obligations under this Agreement.

SECTION 5.02. Taxation of this Payment Agreement and Payments Thereunder. This Agreement, the Loan, and any evidence of indebtedness issued in connection therewith shall be free from, and the Principal of and interest on the Loan shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Colombia.

ARTICLE VI

Records; Reports; Inspections

SECTION 6.01. Records; Reports; Inspections.

(a) Government shall maintain or cause to be maintained, for such time as A.I.D. may require books and records in accordance with sound accounting principles and practices adequate to identify the payments made pursuant to Section 2.05 of the Loan Agreement and their disposition. 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.

(b) The authorized representatives of A.I.D. shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda, and other records relating to this Agreement.

(c) Government shall promptly furnish to A.I.D. such financial and other reports and information relating to this Agreement or transactions pursuant thereto as A.I.D. may reasonably request.

ARTICLE VII.

Remedies of A.I.D.

SECTION 7.01. Events of Default. If any one or more of the following events ("Events of Default") shall occur:

(a) Failure by Government to make full payment of any installment of Principal or payment of interest when due, or of any other payment required under this Agreement;

(b) A breach by Government in the performance of any covenant or agreement under this Agreement;

(c) A default shall have occurred under any agreement between Government or any of its agencies and the United States of America or any of its agencies;

(d) A determination by A.I.D. that any representation or warranty made by or on behalf of Government in negotiating this Agreement or pursuant to this Agreement is incorrect in a material respect;

(e) Any change in the character, capacity or credit-worthiness of Borrower or of the conduct of the Program which occurs because any government or governmental authority shall have taken any action for the dissolution or disestablishment of Borrower or for the suspension of Borrower's activities or a substantial part thereof or for the cancellation, substantial amendment or suspension of the right of Borrower to carry out the Program described in Section 1.02 of the Loan Agreement or to service the Loan,

then A.I.D., at its option, may declare (i) all or any part of the unrepaid Principal and interest accrued thereon, owing under this Agreement, to be due and payable immediately, and (ii) the Special Payment Procedure to be terminated, and upon any such declaration, unless the default is cured within sixty (60) days thereafter, such Principal and interest shall become due and payable immediately and such Procedure shall be terminated.

SECTION 7.02. Expenses of Collection. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 7.01 may be charged to Government and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.03. 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 an acquiescence or as a waiver by A.I.D. of any such right, power or remedy.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Effective Date. This Agreement shall enter into effect on the day and year first above written.

CONFORMED COPY

SECTION 8.02. Use of Representatives. For all purposes relative to this Agreement, the Government will be represented by the individual holding or acting in the office of Minister of Finance and Public Credit 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, the Government 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 Government 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 8.03. No Prejudice. No provisions of this Agreement shall terminate any obligation of Government or any right of A.I.D. specified in or which may arise pursuant to Article IX of the Loan Agreement.

SECTION 8.04. Communications. Any communication or document given, made or sent by Government or A.I.D. pursuant to

this Agreement shall be in writing 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 by hand or by mail, telegram, cable or radiogram to such other party at the following addresses:

TO GOVERNMENT:

Mail Address: Ministerio de Hacienda y Crédito Público
Bogotá, Colombia

Cable Address: MINHACIENDA
Bogotá

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 and acknowledgment of such substitution.

SECTION 8.05. Promissory Notes. At such time or times as A.I.D. may request, Government shall issue promissory notes or such other evidences of indebtedness with respect to the amount of Government's United States dollar repayment obligation of Principal, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 8.06. Termination Upon Full Payment. Upon payment in full of Government's United States dollar repayment obligation of Principal and of any accrued interest, this Agreement and all obligations of Government and A.I.D. under this Agreement shall terminate.

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

REPUBLIC OF COLOMBIA

By: Abdón Espinosa Valderrama

Title: Minister of Finance and Public
Credit

UNITED STATES OF AMERICA

By: Jack H. Vaughn

Title: Ambassador of the United States
of America to Colombia

By: Marvin Weissman

Title: Director of USAID Mission to
Colombia

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