

United States Treaties and Other International Agreements



VOLUME 28

IN SEVEN PARTS

Part 5

1976-77

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by authority of law (1 U.S.C. § 112a)
under the direction
of the Secretary of State*

The Act approved September 23, 1950, Ch. 1001, § 2, 64 Stat. 979, 1 U.S.C. § 112a, provides in part as follows:

“ United States Treaties and Other International Agreements shall be legal evidence of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and agreements, therein contained, in all the courts of the United States, the several States, and the Territories and insular possessions of the United States.”

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ORGANIZATION POUR LA MISE EN VALEUR DU FLEUVE SENEGAL

Environmental Assessment of the Senegal River Basin

*Agreement signed at Dakar February 25, 1976;
Entered into force February 25, 1976.
With side letter.*

GRANT AGREEMENT FOR THE ENVIRONMENTAL ASSESS- MENT OF THE SENEGAL RIVER BASIN BETWEEN THE AGENCY FOR INTERNATIONAL DEVELOPMENT AND THE ORGANIZATION POUR LA MISE EN VALEUR DU FLEUVE SENEGAL [¹] (O.M.V.S.)

Project Number: 625-11-995-617
Appropriation: 72-11×1031
Allotment: 431-60-685-00-67-61
Fiscal Year: 1976

This Grant Agreement made and entered into as of the 25th day of February, 1976 by and between the Government of the United States of America, acting through the Agency for International Development (hereinafter called "A.I.D.") and the Organization pour la Mise en Valeur du Fleuve Senegal (hereinafter called "O.M.V.S.").

ARTICLE I - The Grant

Section 1.01. Purpose of the Grant. The purpose of the Grant is to assist O.M.V.S. in undertaking a detailed analysis of the environmental implications and problems of proposed Senegal River development projects (hereinafter referred to as the "Environmental Assessment"). Such assessment is to assure that the development of this river as an excess food producing region within the drought-stricken Sahel will be accomplished with minimal and controllable adverse ecological effects, and optimal beneficial results. This Environmental Assessment will be carried out by a team of experts under an O.M.V.S. contract. The findings of this Environmental Assessment will be incorporated into the planning and designing of

^¹ In translation reads: "Organization for the Development of the Senegal River".

the O.M.V.S. integrated development scheme. This undertaking is based on the assumption that modification at any point of the existing water system initiates a whole series of adjustments throughout the entire system until a new equilibrium is reached. These adjustments have physical and social consequences, some of which are positive and some negative, but all of which need to be anticipated and assessed in the early planning stages.

The Environmental Assessment financed under this Grant is to develop for incorporation into the planning and design stage of the O.M.V.S. integrated development scheme, major environmental criteria which would be applicable and required for all proposed development projects in the basin. These criteria and standards will serve to optimize the long-term benefits for development projects by insuring that the environmental and social factors are identified and included in the cost-benefit analysis of individual projects to be undertaken. Incorporation of these considerations into the O.M.V.S. Secretariat's decision-making structure should permit early planning of programs and projects to mitigate or prevent undesirable environmental effects resulting from the proposed projects. The Environmental Assessment financed under this grant is sometimes hereinafter referred to as the "Project". The Project is further described in Annex A, attached hereto, which Annex may be modified by written agreement between O.M.V.S. and A.I.D.

Section 1.02. The Grant. To assist O.M.V.S. in meeting the costs of the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended,^[1] hereby grants to O.M.V.S., in accordance with the terms of this Agreement, an amount not to exceed two million five hundred thousand United States Dollars (\$2,500,000). This Grant may be used to finance United States Dollar costs ("Dollar Costs") and local currency costs ("Local Currency Costs") of goods and services required for the Project.

ARTICLE II - Conditions Precedent to Disbursement

Section 2.01 Conditions Precedent to Initial Disbursement. Prior to the first disbursement or to the issuance of the first Letter of Commitment under this Grant, O.M.V.S. will, 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 executed contract for environmental assessment services for the Project acceptable to A.I.D. with a firm or institution acceptable to A.I.D.; and

(b) Evidence of the establishment of a Division of Environmental Affairs within O.M.V.S. which will coordinate the efforts of the contract team financed under this Grant with project planning within O.M.V.S. and Mali, Mauritania and Senegal (hereinafter referred to as the "Member States") to assure that environmental effects are

¹ 75 Stat. 424; 22 U.S.C. § 2151 note.

taken into consideration in planning projects for the development of the Senegal River Basin.

Section 2.02. Notification of Satisfaction of Conditions Precedent. A.I.D. will promptly notify O.M.V.S. when A.I.D. determines that the conditions precedent specified in Section 2.01 have been satisfied.

Section 2.03. Terminal Date for Satisfaction of Conditions Precedent. If all of the conditions specified in Section 2.01 have not been met within four months from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to O.M.V.S.

ARTICLE III - General Covenants

Section 3.01. Sponsorship of the Project. The O.M.V.S. assumes sponsorship of the Project and agrees to fulfill the purpose of the Grant as set forth in Article I.

Section 3.02. Taxes.

a. If A.I.D. or any public or private organization furnishing commodities through A.I.D. financing for operations hereunder in any of the Member States is under the laws, regulations or administrative procedures of such State, liable for customs duties or import taxes on commodities imported into that State for the purpose of carrying out this Agreement, such State will pay such duties and taxes unless exemption is otherwise provided by international agreement.

b. If any personnel (other than citizens and permanent residents of the Member State) whether United States Government employees, or employees of public or private organizations under contract with A.I.D., O.M.V.S., a Member State or any other agency authorized by a Member State, who are present in such Member State to provide services which A.I.D. has agreed to furnish or finance under this Agreement, are, under the laws, regulations, or administrative procedures of such State (i) liable for income or social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States, (ii) liable for property taxes on personal property intended for their own use, or (iii) liable for the payment of any tariff or duty upon personal or household goods brought into the Member State for their own personal use, such State will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

Section 3.03. Travel Within Member States. O.M.V.S. will take such steps as may be necessary to facilitate entry and travel within the Member States for purposes of allowing persons to perform duties, functions and services under this Grant Agreement by securing one year multiple-entry visas, and securing subsequent visas as required.

Section 3.04. Consultation. O.M.V.S. and A.I.D. shall consult as frequently as necessary concerning the execution of this Grant Agreement and the implementation of the activities contemplated by the Agreement.

Section 3.05. Reports. O.M.V.S. shall keep A.I.D. currently informed as to the status, including the planning and implementation of the project, and will submit to A.I.D. such reports relating thereto as A.I.D. may reasonably request.

Section 3.06. Convertibility of Funds. O.M.V.S. will make such arrangements as may be necessary so that funds introduced into the Member States by A.I.D. or any public or private agency for the purpose of carrying out obligations of A.I.D. hereunder shall be convertible into currency of that State at the highest rate which, at the time conversion is made, is not unlawful in the Member State.

Section 3.07. Refund. If A.I.D. determines that any disbursement or expenditure charged to this grant was not made, used, or applied in accordance with the terms of this Agreement, O.M.V.S. agrees to refund to A.I.D. within 30 days after receipt of a request therefor, the amount thereof, provided that A.I.D.'s request is made not later than five (5) years after final disbursement under this Grant.

Section 3.08. Inspection and Audit. The parties shall have the right at any time to observe operations carried out under this Grant Agreement. It is agreed that a financial audit of the project will be made by the two parties within six months after final disbursement under this Agreement and a report on the findings made. Any party, including representatives of A.I.D. or the Comptroller General of the United States, during the term of the Grant and three years after final disbursement under this Agreement shall further have the right:

(1) To examine any property procured through financing by that party under this Grant Agreement, wherever such property is located, and

(2) To inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by that party under this Grant Agreement, wherever such records may be located and maintained. Financial records, including documentation to support entries on accounting records and to substantiate charges to the Grant, shall be kept in accordance with generally accepted accounting practices. Such records shall be maintained and neither destroyed nor otherwise disposed of until three (3) years after final disbursement under this Grant Agreement, or, if questions about expenditures are raised on audit or otherwise within such time, until all such questions have been resolved. Each party, in arranging for any disposition of any property procured through financing by the other party under this Grant Agreement shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which financed the procurement of the property.

Section 3.09. Use of Property. Any property furnished pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the project and thereafter shall be used so as to further the objectives of the project. Either party shall offer to return to the other or to reimburse the other for any property which it obtains through financing by the other party pursuant to the Agreement which is not used in accordance with the preceding sentence.

Section 3.10. Results and Findings. O.M.V.S. will assure that all other donors participating in the realization of the Senegal Basin Indicative Plan will be informed of the results and findings of the Environmental Assessment financed under this Grant, and O.M.V.S. will use its best efforts to assure that all donors take such findings and results into consideration as they become known.

Section 3.11. Cooperation of Member States. O.M.V.S. will assure that each of the Member States cooperates with contractors selected to perform services financed under this Grant.

Section 3.12. Evaluation of Project. O.M.V.S. agrees that the preliminary conclusions of the study financed under this Grant will be reviewed by O.M.V.S. and A.I.D., not later than one year after commencement of the study. Based upon this review, approximate modifications will be made in the scope of work of the study, and in the O.M.V.S. personnel assigned to coordinate the study with the organization and operating divisions of O.M.V.S., and an appropriate staffing and training program for O.M.V.S. will be developed.

Section 3.13 Training. O.M.V.S. agrees to encourage the Member States to implement training programs for appropriate personnel of the Member States in order to participate in a coordinated environmental program within the Senegal River Basin addressing those aspects of the program which require continuing monitoring or remedial action.

Section 3.14. Interest Earned on Grant Funds. O.M.V.S. agrees that if the use of funds provided under this Grant results in the accrual of interest income to O.M.V.S., or any other person or organization to whom such funds are made available in carrying out the purposes of the Grant, O.M.V.S. shall pay to A.I.D. an amount equal to the amount of interest accrued.

ARTICLE IV – Procurement

Section 4.01. Source of Dollar Costs. Except as A.I.D. may otherwise agree in writing disbursements pursuant to Section 5.01 will be used exclusively to finance the Dollar Costs of goods and services having their source and origin in the United States. It is agreed that the Environmental Assessment financed under this Grant will be conducted pursuant to a contract between O.M.V.S. and a United States firm or institution.

Section 4.02. Source, Local Currency Costs. Disbursement pursuant to Section 5.02 will be used exclusively to finance the Local

Currency Costs of goods and services having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Member States or in the United States.

Section 4.03. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 4.04. Plans, Specifications, Contracts. Except as A.I.D. and O.M.V.S. may otherwise agree in writing:

(a) O.M.V.S. will furnish to A.I.D. upon preparation:

(1) any plans, specifications, or procurement schedules, or other documentation relating to goods or services to be financed by A.I.D., and any modifications therein, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. In the case of contracts, such documentation will include draft contracts, including the scope of work to be included in such contracts; and

(2) documentation relating to any goods or services which, though not financed by A.I.D., are deemed by A.I.D. to be of major importance to the Project. Elements of the Project to which this subsection (a)(2) is applicable will be identified in Implementation Letters.

(b) Bid documents, documents related to the prequalification of contractors, and documents related to the solicitation of proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance.

(c) Contracts and contractors financed by A.I.D. for engineering and other professional 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 execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution.

Section 4.05. Preparation of the Environmental Assessment. The Environmental Assessment financed under this Grant shall be conducted and prepared in accordance with A.I.D. Publication, Environmental Assessment Guideline Manual, September 1974.

ARTICLE V - Disbursements

Section 5.01. Disbursements for Dollar Costs. Upon satisfaction of applicable conditions precedent, O.M.V.S. may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States bank or banks for payments made to contractors or suppliers, through 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 subject to presentation of such supporting documentation as A.I.D. may prescribe in Implementation Letters. Banking charges incurred in connection with Letters of Commitment and letters of credit shall be for the account of O.M.V.S. and may be financed under the Grant.

Section 5.02. Disbursement for Local Currency Costs. Upon satisfaction of applicable conditions precedent, O.M.V.S. may, from time to time, request disbursement by A.I.D. of local currency from Local Currency Costs of 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.

Section 5.03. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as O.M.V.S. and A.I.D. may agree to in writing.

Section 5.04. Terminal Dates for Commitment and Disbursement. Except as otherwise agreed by A.I.D. in writing, no Letter of Commitment, other commitment document, or amendment thereto, shall be issued by A.I.D. in response to requests received by A.I.D. after thirty (30) months, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 5.01 after 36 months, from the date the O.M.V.S. satisfies the Conditions Precedent to disbursements under this Agreement.

ARTICLE VI – Miscellaneous Provisions

Section 6.01. Title to Property. Unless otherwise specified by A.I.D. in writing, title to all property financed by A.I.D. pursuant to the Grant Agreement shall be in O.M.V.S.

Section 6.02. Representatives. For all purposes relevant to this Agreement A.I.D. will be represented by the individual holding or acting in the office of AID/OMVS Coordinator. Within 30 days of the signing of this Grant Agreement, O.M.V.S. shall designate in writing to A.I.D. the name(s) of the person(s) who shall serve as its representative(s) with responsibility for implementation of the Project. Each of these representatives, by written notice, may designate additional representatives.

Section 6.03. Language of Agreement. This Agreement is prepared both in English and French. The English language version shall be considered controlling for purposes of interpretation.

Section 6.04. Applicable United States Laws and Regulations. It is expressly understood that notwithstanding anything in this Grant Agreement to the contrary, A.I.D. shall expend funds and carry on operations pursuant to this Grant Agreement only in accordance with the applicable laws and regulations of the United States Government.

Section 6.05. Termination. Any party may terminate this Grant Agreement by giving the other party thirty (30) days written notice

of intention to terminate it. Termination of this Grant Agreement shall terminate any obligations of the parties to provide financial or other resources to the Project, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Grant Agreement. It is expressly understood that all other obligations under this Grant Agreement shall remain in force after such termination.

Section 6.06. Successor and Assignments. This Grant Agreement shall be binding upon and inure to the benefit of any successor of A.I.D. This Agreement may not be assigned nor may any obligations hereunder be delegated by O.M.V.S. without the written consent of A.I.D.

Section 6.07. Entry into Force. This Grant Agreement has been prepared in multiple identical copies which have been distributed by A.I.D. to O.M.V.S. This Grant Agreement shall be in full force and effect upon the signing of a single or separate identical copies by all of the parties hereto. Should any party so request, each of the parties hereto agrees to re-execute this Agreement so as to provide each party with a fully executed form of agreement.

Section 6.08. Completion Report. Upon completion of the project a completion report shall be drawn up, signed by appropriate representatives of A.I.D. and O.M.V.S., and submitted to A.I.D. and O.M.V.S. The completion report shall include a summary of the actual contributions to the project by each party to this Grant Agreement, and shall provide a record of the activities carried out, the objectives achieved and related basic data. A.I.D. and O.M.V.S. shall furnish the other with such information as may be needed to determine the nature and scope of operations under this Grant Agreement to evaluate the effectiveness of such operations. O.M.V.S. agrees to transmit written appraisals of any contractor's performance to A.I.D. on completion of such performance.

Section 6.09. Assignment of Cause of Action. O.M.V.S. agrees to execute an assignment to A.I.D., upon request of any cause of action which may accrue to it in connection with or arising out of a contractor's performance or breach of performance of any contract financed in whole or in part out of funds provided by A.I.D. under this Grant Agreement.

Section 6.10. Implementation Letters. A.I.D. may from time to time issue implementation letters that will prescribe the procedures applicable in connection with the implementation of this Agreement. The provisions of Article II Section 2.01 and of Article III, Sections 3.02 and 3.07 are interpreted according to clarifications set forth in the Side Letter accompanying this Grant Agreement.

IN WITNESS WHEREOF, O.M.V.S. and the United States of America, each acting through its respective duly authorized representatives, have caused this Grant Agreement to be signed in their names and delivered as of the day and year first above written.

AGENCY FOR INTERNATIONAL
DEVELOPMENT

ORGANISATION POUR LA MISE
EN VALEUR DU FLEUVE SEN-
EGAL

By O. RUDOLPH AGGREY

By MAMADOU Aw

Title O. Rudolph Aggrey
*United States Ambassador
to Senegal*

Title High Commissioner,
*Organisation pour la Mise
en Valeur du Fleuve
Senegal*

Date FEBRUARY 25, 1976

Date FEBRUARY 25, 1976

ANNEX A

Description of the Project

The OMVS Environmental Study will undertake a detailed analysis of the environmental implications and problems of proposed Senegal River development projects. The study will be carried out by a team of experts under an OMVS contract with one or more U.S. consulting firms. Where possible, these firms will seek to engage appropriate riparian country nationals to assist in the work program. As this study progresses and those aspects which will require monitoring on a continuing basis come into focus, then a subsequent training program for OMVS personnel can be designed.

The study will cover a two year period and require over 500 man-months of effort. The project team will consist of the following categories of specialists:

- Project Director
- Administrative Assistant
- Sanitary Engineer
- Water Resource Engineer
- Irrigation Engineer
- Transportation Economist
- Meteorologist
- Hydropower Engineer
- Fishery Biologist
- Mammologist
- Ornithologist
- Veterinary Scientist
- Ecologist/Limnologist
- Agricultural Scientist (Soil Conservation)
- Forester
- Public Health Advisor
- Parasitologist/Bacteriologist
- Anthropologist
- Health Consultant

Water Quality Technicians
Health Field/Lab Technicians
Biological Technician
Engineering Technicians
Computer Technician
Technical Editor
Technical Writers
Secretaries
Field Support Staff

Specifically the contractor shall provide equipment and personnel necessary to perform the following services:

1. Review Existing Data Base

Within the ten major areas of environmental impact, data on the following parameters is judged to be sufficient for direct input to the assessment. The contractor shall review the available data references on these specific parameters to obtain sufficient baseline data as required for assessment purposes.

River Regime:	Preliminary engineering of Mantaali Dam and Diama Dam; Hydrologic basin model, climatology and basin hydrology.
Estuary Regime:	Estuarine boundary; preliminary engineering on navigation.
Aquatic Biota:	Insufficient.
Terrestrial Biota:	Insufficient.
Agricultural Development:	Master plan of the irrigated perimeter program.
Public Health:	Insufficient.
Water Quality:	Insufficient.
Groundwater:	Quantity, aquifer characteristics.
Socio-cultural:	Insufficient.
Municipal and Industrial Development:	Insufficient.

2. Collect Additional Data

The contractor shall be required to collect additional field data and/or conduct a comprehensive literature review to supplement the existing data for assessment purposes. Within the ten major areas of environmental impact, the following parameters require field data and/or literature review:

River Regime:	Flow/operational regime: releases; consumptive uses; natural losses; returns; sediment transport; bank erosion, and allocation of purpose.
Estuary Regime:	Flow patterns; tidal exchange and sediment transport.

Aquatic Biota:	Fisheries; biomass; vegetation and biological productivity, both freshwater and estuarine.
Terrestrial Biota:	Import plants, trees, birds, insects, rodents, wildlife, and domestic animals.
Agricultural Development:	Farming practices, water needs, and chemical uses.
Public Health:	Incidence of endemic diseases and water related diseases, vector control, and animal diseases.
Water Quality:	Physical, chemical, biological and relationships to water quantity.
Groundwater:	Qualitative analyses for potable use.
*Socio-cultural:	Settlement changes, relocations, standards of living, population density and cultural patterns.
Municipal and Industrial Development:	Water allocation, water usage, water disposal and transportation modes.

***(Predominantly literature review)**

3. Mathematical Modeling

Utilizing the existing hydrologic mathematical model as a base physical analogue of the river basin, the contractor shall expand the model to accommodate programs for water quality and flow/operational regime.

The expanded model shall permit analysis of future conditions of flow, storage, losses, areas of flood inundation, withdrawals, returns and water quality for the entire basin. The expanded program shall possess the flexibility to simulate any scheduled activities of development and simultaneously consider the interrelationships between water quantity and water quality for those schedules. Field data obtained on water quality and flow/operational regime shall be used to verify the model. The contractor shall utilize the verified model to predict critical water quality and flow conditions.

4. Determine Interrelationships

The contractor shall analyze the probable interrelationships between water quality/quantity and the (a) ecological effects, (b) socio-cultural effects, and (c) public health impacts utilizing the output from the expanded mathematical model. Those interrelationships shall be assessed to the full extent of the program flexibility specified.

5. Assess Impacts

Based upon the existing data collected by the supplemental field data/literature review, the output obtained from the expanded model,

and the determination of interrelationships (1-4 above) the contractor shall make a comprehensive assessment of the impacts associated with the proposed basin development. Assessment of the impacts shall be categorized as specified in the Guidelines for both the primary aspects (Manantali Dam, Diama Dam, River Navigation and the Irrigated Perimeter Program) and the secondary aspects (hydro-electric power, mining and industry, etc.).

The effects to be studied and evaluated come under the following main headings:

- a. Physical changes in the river course due to changed stream flow.
- b. Positive and negative aspects of the removal from beneficial use of land flooded by the two dams.

6. Prescribed Actions

Based upon assessment, the contractor shall outline feasible actions to mitigate or minimize adverse impacts or to maximize beneficial impacts. The contractor shall further identify relative priorities of those actions and prepare an implementation schedule in accordance with the proposed sequential basin development.

As actions proposed by the contractor are endorsed as feasible by the OMVS, the contractor should then be prepared to work directly with the ministerial personnel of the riparian states concerned in designing realistic action programs for their immediate implementation.

7. Prepare Final Report

The assessment shall be incorporated into report form in accordance with the specified Guidelines. One hundred copies in the French language shall be submitted to the OMVS Secretary General.

8. Present Findings

The contractor shall make presentations of his interim findings to the OMVS whenever requested by the OMVS Secretary General in addition to a final presentation subsequent to submission of the final comprehensive written report.

Side Letter to the Grant Agreement Financing The Environmental Assessment of the Senegal River Basin:

Based on discussions between the O.M.V.S. and A.I.D., the following clarifications have been made regarding certain points in the Grant Agreement for the Environmental Assessment of the Integrated Development of the Senegal River Basin.

Article II, Section 2.01: Conditions Precedent to Disbursement.

b) By "evidence of the establishment of a Division of Environmental Affairs within OMVS" is meant the Establishment of a Consultative Environmental Committee to assist the O.M.V.S. Environ-

mental Coordinator in his functions. In view of the multidisciplinary nature of the project, the members of the Committee will be representatives of all Divisions concerned. These members will meet periodically to evaluate the findings of the study carried out by the firm executing the project and, working with this group, design programs acceptable to and implementable by the OMVS member states.

Article III, Section 3.02. Taxes

It is understood that the OMVS has no juridical basis allowing it to include exemption clauses, nor the resources necessary to pay the expenses involved.

However, in practice, all agreements signed to date by OMVS have been accorded tax and customs exemptions. The present agreement will not be an exception.

Section 3.07. Refund

This legislative requirement of AID grew out of and is largely based upon forms of U.S. foreign assistance radically different from this undertaking, ie. AID-financed commodity import programs and construction projects. This grant agreement is to finance a contract for services, the financing of which will be implemented by a U.S. Government Letter of Commitment to a U.S. commercial bank, with Letters of Credit issued thereunder by O.M.V.S.

Such an arrangement reduces to an absolute minimum the possibility of any disbursement being made which is not in accordance with the terms of this Grant Agreement. Furthermore, if for any reason the OMVS has any cause of action in connection with, or arising out of the contractor's performance or breach of performance, under Article VI, Section 6.09. AID can request that OMVS assign to it such cause of action.

ACCORD DE SUBVENTION POUR L'ETUDE SUR L'ENVIRONNEMENT DU BASSIN DU FLEUVE SENEGAL ENTRE L'AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL ET L'ORGANISATION POUR LA MISE EN VALEUR DU FLEUVE SENEGAL (O.M.V.S)

N° du Projet: 625-11-995-617
Affectation: 72-11×1031
Allocation: 431-60-685-00-67-61
Année: 1976

Cet Accord de Subvention est établi et entrera en vigueur le 25 ème jour de Février, 1976, par et entre le Gouvernement des Etats-Unis d'Amérique, agissant par l'intermédiaire de l'Agence pour le

Développement International (ci-après dénommée "A.I.D" et l'Organisation pour la Mise en Valeur du Fleuve Sénégal (ci-après dénommée "O.M.V.S.").

ARTICLE I - La Subvention

Section 1.01. Objectif de la Subvention. Par cette Subvention, l'A.I.D. se propose d'aider l'O.M.V.S. à entreprendre une analyse détaillée des implications et problèmes de l'environnement que comportent les projets proposés pour le développement du fleuve Sénégal (ci-après dénommée "Etude sur l'Environnement"). Cette étude devra établir que le développement du fleuve en question comme une région de surproduction alimentaire à l'intérieur du Sahel affecté par la sécheresse, se fera avec un minimum de répercussions écologiques adverses et maîtrisables, et obtiendra un maximum de résultats bénéfiques. Cette Etude sur l'Environnement sera effectuée par une équipe d'experts aux termes d'un contrat passé avec l'O.M.V.S. Les conclusions de cette étude seront incorporées dans la planification et la conception du programme de développement intégré de l'O.M.V.S. Cette action est fondée sur l'hypothèse qu'une modification en un point quelconque du système fluvial existant amène toute une série d'ajustements dans le système en entier jusqu'à ce qu'un nouvel équilibre soit atteint. Ces ajustements ont des conséquences physiques et sociales, dont certaines sont positives et d'autres négatives, mais qui nécessitent toutes d'être prévues et évaluées dans les étapes initiales de conception. L'Etude sur l'Environnement, financée en vertu de cette Subvention, devra développer les critères principaux de l'environnement en vue de leur incorporation dans les étapes de conception et de planification du programme de développement intégré de l'O.M.V.S., critères qui seraient applicables et nécessaires pour tous les projets de développement proposés dans le bassin. Ces critères et normes serviront à tirer le meilleur parti des bénéfices à long terme pour les projets de développement en assurant une identification des facteurs écologiques et sociaux et leur insertion dans l'analyse des coûts et bénéfices des projets individuels devant être entrepris. L'insertion de ces considérations dans le système de prise de décision du Secrétariat de l'O.M.V.S. devrait permettre une première planification des programmes et des projets visant à réduire ou à éviter les effets indésirables sur l'environnement résultant des projets proposés. L'Etude sur l'Environnement, financée au titre de la présente Subvention, est parfois dénommée le "Projet". Le Projet est décrit plus amplement dans l'Annexe A, jointe au présent Accord, laquelle Annexe peut être modifiée par un accord écrit entre l'O.M.V.S. et l'A.I.D.

Section 1.02. La Subvention. Dans le but d'aider l'O.M.V.S. à financer les coûts du Projet, et en vertu de la Loi d'Aide aux Nations Etrangères de 1961, telle qu'amendée, l'A.I.D. accorde, par la présente, une subvention à l'O.M.V.S. dont le montant, conformément aux termes de cet Accord, ne devra pas dépasser deux millions cinq

cent mille dollars des Etats-Unis (\$2,500,000). Cette Subvention peut être utilisée pour financer les coûts en dollars des Etats-Unis ("Coûts en Dollars") et les coûts en monnaie locale ("Coûts en Monnaie Locale") des biens et services nécessaires à la réalisation du Projet.

ARTICLE II – Conditions Préalables au Décaissement

Section 2.01. Conditions Préalables au Décaissement Initial.

Préalablement au premier décaissement ou à l'émission de la première Lettre d'Engagement en vertu de cette Subvention, l'O.M.V.S., à moins que l'A.I.D. n'en convienne autrement par écrit, fournira à l'A.I.D., d'une manière satisfaisante pour l'A.I.D., quant au fond et à la forme:

(a) Un contrat signé couvrant les services d'exécution d'une étude sur l'environnement pour le Projet, jugé acceptable par l'A.I.D., avec une firme ou institution jugée acceptable par l'A.I.D.' et

(b) La preuve de la création, au sein de l'O.M.V.S., d'un Département des Affaires Relatives à l'Environnement et qui sera chargé de coordonner les efforts de l'équipe sous contrat, financée en vertu de cette Subvention, avec les travaux de planification des projets au sein de l'O.M.V.S. et du Mali, de la Mauritanie et du Sénégal (ci-après dénommés les "Etats Membres") afin de s'assurer que les effets sur l'environnement seront pris en considération lors de la conception des projets pour le développement du Bassin de Fleuve Sénégal.

Section 2.02. Avis de l'Accomplissement des Conditions Préalables.

L'A.I.D. notifiera rapidement l'O.M.V.S. dès qu'elle aura déterminé que les conditions préalables stipulées à la Section 2.01 auront été remplies.

Section 2.03. Date Limits pour Remplir les Conditions Préalables.

Si toutes les conditions stipulées à la Section 2.01 n'ont pas été remplies dans un délai de quatre (4) mois à compter de la date de cet Accord, ou toute autre date ultérieure dont l'A.I.D. aura convenu par écrit, l'A.I.D. à sa convenance, peut mettre fin à cet Accord par préavis écrit à l'O.M.V.S.

ARTICLE III – Obligations à Caractère Général

Section 3.01. Garant du Projet. L'O.M.V.S. assume la responsabilité du Projet et convient de remplir les objectifs de la Subvention tels que stipulés dans l'Article I.

Section 3.02. Taxes.

a. Si l'A.I.D. ou toute organisation publique ou privée, fournissant des marchandises financées par l'A.I.D. pour les opérations prévues aux termes du présent Accord dans l'un quelconque des Etats l'embres, est, en vertu des lois, règlements ou procédures administratives dudit Etat, susceptible de droits de douane et de taxes à l'importation sur

les marchandises importées dans cet Etat aux fins d'execution de cot Accord, ledit Etat paiera ces droits er taxes à moins qu'une exonération ne soit autrement prévue dans le cadre d'un accord international.

b. Dans le cas où tout personnel (autre que les citoyens et résidents permanents de l'Etat Membre), qu'ils soient employés par le Gouvernement des Etats-Unis ou par des organisa? es publics ou privés sous contrat avec l'A.I.D., l'O.M.V.S. ou un Etat Membre ou toute autre agence autorisée par un Etat Membre, présents dans ledit Etat Membre pour fournir des services que l'A.I.D. a convenu de fournir ou de financer au titre du présent Accord, serait, en vertu des lois, règlementations, ou procédures administratives dudit Etat, (i) possible des impôts sur le revenu ou de cotisations à la sécurité sociale ou égard aux revenus pour lesquels il est obligé de verser au Gouvernement des Etats-Unis des impôts sur le revenu ou des taxes pour la sécurité sociale, (ii), possible d'impôts sur les biens personnels destinés à sa propre utilisation, ou (iii) possible du paiement de toute redevance ou droit de douane sur les effects personnels et ménagers apportés dans l'Etat Membre aux fins d'utilisation personnelle, ledit Etat paiera ces taxes, impôts ou droits de douane, à moins qu'un accord international approprié ne stipule le contraire.

Section 3.03. Voyages à l'Intérieur des Etats Membres. L'O.M.V.S. prendra les dispositions nécessaires afin de faciliter l'entrée et les déplacements à l'intérieur des Etats Membres aux fins de permettre aux personnes d'accomplir les tâches, fonctions et services qui leur sont impartis au titre du présent Accord de Subvention, en assurant l'obtention d'un visa à intrées multiples, valable un an, ainsi que des visas supplémentaires ultérieurement selon les besoins.

Section 3.04. Concertation. L'O.M.V.S. et l'A.I.D. se concerteront aussi fréquemment que le besoin s'en fera ressentir pour l'exécution de cet Accord de Subvention et la mise en oeuvre des activités prévues aux termes de cet Accord.

Section 3.05. Rapports. L'O.M.V.S. tiendra l'A.I.D. au courant de la condition du Projet, y compris sa planification et sa mise à exécution, et soumettra à l'A.I.D. des rapports à ce sujet dont l'A.I.D. pourrait raisonnablement faire la demande.

Section 3.06. Conditions de Conversion des Fonds. L'O.M.V.S. prendra les dispositions nécessaires pour que les fonds introduits dans les Etats Membres par l'A.I.D. ou toute agence publique ou privée aux fins de remplir les obligations de l'A.I.D. en vertu du présent Accord, soient convertibles dans la monnaie dudit Etat au taux le plus élevé qui, au moment de la conversion, n'est pas illégal dans l'Etat Membre.

Section 3.07. Remboursement. Si l'A.I.D. détermine qu'un décaissement ou une dépense imputée à cette Subvention n'a pas été effectué(e), utilisé(e) ou appliqué(e) conformément aux termes de cet Accord, l'O.M.Y.S. convient de rembourser à l'A.I.D., et ce dans un

délai de trente (30) jours à compter de la réception d'une demande à cet effet, le montant dudit décaissement ou de ladite dépense, à condition que la demande de l'A.I.D. ait été formulée dans un délai maximum de cinq (5) ans suivant le décaissement définitif au titre de cette Subvention.

Section 3.08. Inspection et Vérification.

a. Les parties auront le droit, à tout moment, d'observer les opérations exécutées au titre du présent Accord de Subvention. Il a été convenu que les deux parties procèderont à une vérification des comptes du projet dont les conclusions feront l'objet d'un rapport, et ce, dans un délai de six mois à compter du dernier décaissement effectué en vertu du présent Accord. Toute partie, y compris les représentants de l'A.I.D. ou le Contrôleur Général des Etats-Unis, au cours de la durée de la Subvention et des trois années consécutives au décaissement définitif effectué en vertu de cet Accord aura, en outre, le droit:

(1) d'examiner tout bien acquis par ladite partie au moyen de fonds en vertu du présent Accord de Subvention, à n'importe quel endroit où ledit bien serait situé; et

(2) d'inspecter et de vérifier tous dossiers et comptes ayant trait aux fonds fournis par, ou tous biens et tous services contractuels acquis par, ladite partie, au moyen de fonds au titre du présent Accord de Subvention, indépendamment de l'endroit où ces registres sont situés et tenus. Les dossiers financiers, y compris les pièces comptables justifiant les entrées sur les livres comptables et prouvant les charges imputées à la Subvention, seront tenus conformément à des pratiques comptables généralement acceptées. Ces dossiers seront tenus et ne seront ni détruits, et il n'en sera pas fait d'autre usage, durant les trois (3) années consécutives au dernier décaissement effectué au titre du présent Accord de Subvention, ou, si des questions à propos des dépenses étaient soulevées au cours de l'expertise comptable ou de quelque autre façon au cours de cette période de trois années, jusqu'à ce que toutes ces questions aient été résolues. Chaque partie, en prenant toutes les dispositions qui s'imposent lors de l'acquisition de tout bien par l'entremise du financement de l'autre partie en vertu du présent Accord de Subvention, devra s'assurer que les droits d'examen, d'inspection et d'expertise comptable décrits dans la phrase précédente sont réservés à la partie qui a financé l'achat dudit bien.

Section 3.09. Utilisation des Biens. Tout bien fourni conformément à cet Accord devra, à moins d'indication contraire par la partie ayant financé l'achat, être affecté au Projet et, par la suite, devra être utilisé de façon à poursuivre les objectifs recherchés dans l'accomplissement même du Projet. Toute partie devra proposer de rendre à, ou de rembourser à, l'autre partie, tout bien obtenu au moyen des fonds de l'autre partie conformément à cet Accord, et qui ne serait pas utilisé en accord avec la phrase précédente.

Section 3.10. Résultats et Conclusions. L'O.M.V.S. prendra les dispositions nécessaires afin que tous les autres donataires participant

à la réalisation du Plan Indicatif du Bassin du Fleuve Sénégal soient informés des résultats et des conclusions de l'Etude sur l'Environnement financée au titre de cette Subvention, et l'C.M.V.S. déploiera tous ses efforts afin de s'assurer que tous les donataires prendront en considération lesdits résultats et conclusions au fur et à mesure de leur publication.

Section 3.11. Coopération des Etats Membres. L'O.M.V.S. s'assurera que chacun des Etats Membres coopère avec les entrepreneurs choisis pour exécuter les services financés au titre de cette Subvention.

Section 3.12. Evaluation du Projet. L'O.M.V.S. convient que les conclusions préliminaires de l'étude financée au titre de cette Subvention seront révistos par l'O.M.V.S. et l'A.I.D., et ce dans un délai maximum de un an suivant le début de l'étude. Se fondant sur cette révision, des modifications appropriées seront apportées à l'étendue des travaux de l'étude ainsi que des remaniements au sein du personnel de l'O.M.V.S. affecté à la coordination de l'étude avec l'organisation et les sections opérationnelles de l'O.M.V.S.; un programme approprier de réorganisation et de formation du personnel de l'O.M.V.S. sera également mis sur pied.

Section 3.13. Formation. L'O.M.V.S. convient d'encourager les Etats Membres à exécuter des programmes de formation pour le personnel approprié des Etats Membres en vue de leur participation à un programme coordonné sur l'environnement à l'intérieur du Bassin du Fleuve Sénégal couvrant les aspects du programme qui nécessitent une surveillance continue ou une action réparatrice

Section 3.14. Intérêts Tirés des Fonds de la Subvention. L'O.M.V.S. convient que, si l'utilisation des fonds fournis au titre de cette Subvention résulte en l'obtention d'intérêts pour l'O.M.V.S., ou toute autre personne ou organisation pour laquelle ces fonds ont été mis à disposition au cours de l'exécution de cette Subvention, l'O.M.V.D. paiera à l'A.I.D. un montant égal au montant des intérêts courus.

ARTICLE IV - Achats

Section 4.01. Source des Coûts en Dollars. A moins que l'A.I.D. n'en convienne autrement par écrit, les décaissements effectués conformément à la Section 5.01 seront utilisés exclusivement pour financer les Coûts en Dollars des biens et services ayant leur source et leur origine aux Etats-Unis. Il a été convenu que l'Etude sur l'Environnement, financée en vertu de cette Subvention, sera menée conformément à un contrat passé entre l'O.M.V.S. et une firme ou institution des Etats-Unis.

Section 4.02. Source, Coûts en Monnaie Locale. Les décaissements effectués conformément à la Section 5.02 seront utilisés exclusivement pour financer les Coûts en Monnaie Locale des biens et services ayant leur source et, à moins que l'A.I.D. n'en convienne autrement par écrit, leur origine dans les Etats Membres ou aux Etats-Unis.

Section 4.03. Date d'Admissibilité. Aucun bien ni service ne peut être financé au titre de la présente Subvention s'il a été acquis par suite de commandes fermes ou de contrats passés ou signés préalablement à la date de prise d'effet de cet Accord.

Section 4.04. Plans, Spécifications, Contrats. A moins que l'A.I.D. et l'O.M.V.S. n'en conviennent autrement par écrit:

(a) L'O.M.V.S. fournira à l'A.I.D. dès leur préparation:

(1) tous plans, spécifications ou tableaux prévisionnels d'achats ou tout autre document concernant les biens ou services devant être financés par l'A.I.D. et toutes modifications qui y seront apportées, y compris les documents relatifs à la présélection et au choix des entrepreneurs ainsi que ceux ayant trait à la demande pour des offres et des propositions. Dans le cas de contrats, ces documents comprendront les projets de contrats, y compris l'étendue des travaux devant être inclus dans lesdits contrats; et

(2) les documents relatifs aux biens et services qui, bien que non financés par l'A.I.D., sont jugés par l'A.I.D. comme revêtant une importance particulière dans le cadre du Projet. Les éléments du Projet auxquelles s'applique cette sous-section (a)(2) seront identifiés dans les Lettres de Mise à Exécution.

(b) Les documents d'appel d'offres, ceux ayant trait à la présélection des entrepreneurs ainsi que les documents relatifs à la demande de propositions pour les biens et les services financés au titre de la Subvention devront être approuvés par l'A.I.D. par écrit préalablement à leur émission.

(c) Les contrats et les entrepreneurs financés par l'A.I.D. pour les services techniques et autres services professionnels et pour tous autres services, équipement ou matériaux pouvant être précisés dans les Lettres de Mise à Exécution, de même que tout contrat ou tout entrepreneur identifié en vertu de la sous-section (a)(2) ci-dessus, devront être approuvés par écrit par l'A.I.D. préalablement à la signature du contrat. Les modifications importantes apportées à ces contrats devront également obtenir l'approbation par écrit de l'A.I.D. préalablement à leur mise à exécution.

Section 4.05. Préparation de l'Etude sur l'Environnement. L'Etude sur l'Environnement, financée au titre de la présente Subvention, sera menée et préparée conformément à la Publication de l'A.I.D., "Environmental Assessment Guideline Manual", de Septembre 1974.

ARTICLE V – Décaissements

Section 5.01. Décaissements pour les Coûts en Dollars. Dès l'accomplissement des conditions préalables appropriées, l'O.M.V.S. pourra, de temps en temps, demander à l'A.I.D. d'émettre des Lettres d'Engagement pour des montants spécifiés à une ou plusieurs banque(s) des États-Unis pour des paiements effectués aux entrepreneurs ou fournisseurs, par le moyen de lettres de crédit ou d'une

autre façon, pour les coûts en dollars des Etats-Unis des biens et services acquis pour les besoins du Projet et conformément aux termes et conditions du présent Accord. Le paiement par une banque d'un entrepreneur ou d'un fournisseur sera sujet à la présentation des documents justificatifs que l'A.I.D. pourra prescrire dans les Lettres de Mise à Exécution. Les frais bancaires encourus par les Lettres d'Engagement et les lettres de crédit seront à la charge de l'O.M.V.S. et pourront être financés à partir de cette Subvention.

Section 5.02. Décaissement pour les Coûts en Monnaie Locale. Dès l'accomplissement des conditions préalables appropriées, l'O.M.V.S. pourra, de temps en temps, demander à l'A.I.D. le décaissement de monnaie locale pour les Coûts en Monnaie Locale des biens et services, acquis pour le Projet conformément aux termes et conditions du présent Accord, en soumettant à l'A.I.D. les pièces justificatives que l'A.I.D. peut prescrire dans les Lettres de Mise à Exécution.

Section 5.03. Autres Formes de Décaissement. Des décaissements de la Subvention peuvent également être effectués par tout autre moyen dont l'O.M.V.S. et l'A.I.D. auront convenu par écrit.

Section 5.04. Dates Limites pour les Engagements et Décaissements. A moins que l'A.I.D. n'en convienne autrement par écrit, aucune Lettre d'Engagement, ni autre document d'engagement ou mandement à ces derniers, ne seront émis par l'A.I.D. en réponse à des demandes reçues par l'A.I.D. après trente (30) mois, et aucun décaissement ne sera effectué au vu de toute documentation reçue par l'A.I.D. ou toute banque visée à la Section 5.01, après trente six (36) mois, à compter de la date à laquelle l'O.M.V.S. aura rempli les conditions préalables aux décaissements en vertu du présent Accord.

ARTICLE VI – Dispositions Diverses

Section 6.01. Titres de Propriété. A moins que l'A.I.D. n'en convienne autrement par écrit, le titre de propriété de tout bien financé par l'A.I.D. conformément au présent Accord de Subvention appartiendra à l'O.M.V.S.

Section 6.02. Représentants. A toutes fins d'application du présent Accord, l'A.I.D. sera représentée par le titulaire ou le suppléant du poste de Coordinateur de l'A.I.D./O.M.V.S. Dans un délai de trente (30) jours à compter de la date de signature du présent Accord de Subvention, l'O.M.V.S. désignera, par voie de notification écrite à l'A.I.D., le(s) nom(s) de la (des) personne(s) qui sera (seront) habilitée(s) à agir en qualité de son (ses) représentant(s) investi(s) de la responsabilité d'exécution du Project. Chacun de ces représentants pourra, par voie de notification écrite, désigner d'autres représentants.

Section 6.03. Document Prévalent. Le présent Accord est préparé en langue anglaise et française. La version en langue anglaise sera considérée comme prévalant aux fins d'interprétation.

Section 6.04. Lois et Règlementations Appropriées des Etats-Unis.

Il est expressément entendu que nonobstant toute disposition contraire contenue dans le présent Accord de Subvention, l'A.I.D. dépensera les fonds et exécutera les opérations aux termes du présent Accord de Subvention uniquement conformément aux lois et règlements appropriés du Gouvernement des Etats-Unis.

Section 6.05. Résiliation. Toute partie peut mettre fin au présent Accord de Subvention en donnant à l'autre partie un préavis de trente (30) jours de l'intention de ce faire. La résiliation du présent Accord de Subvention entraînera la cessation de toutes les obligations des parties de fournir des fonds ou autres ressources au Project, à l'exception des paiements pour lesquels elles soient engagées en vertu d'engagements non résiliables passés avec des tierces parties préalablement à la résiliation de cet Accord. Il est expressément entendu que toutes les autres obligations aux termes du présent Accord de Subvention resteront en vigueur après ladite résiliation.

Section 6.06. Successeur et Cessions. Le présent Accord de Subvention aura force obligatoire et prendra effet au bénéfice de tout successeur de l'A.I.D. L'O.M.V.S. ne pourra ni consentir de cession au titre du présent Accord, ni déléguer l'une quelconque des obligations qui en découlent sans le consentement écrit de l'A.I.D.

Section 6.07. Entrée en Vigueur. Le présent Accord de Subvention a été préparé en copies identiques multiples distribuées à l'O.M.V.S. par l'A.I.D. Le présent Accord de Subvention entrera en plein effet et vigueur à la signature par toutes les parties au présent Accord d'une seule ou de plusieurs copies identiques. Dans le cas où l'une ou l'autre des parties en ferait la demande, chacune des parties au présent Accord convient de re-signer le présent Accord afin que chaque partie ait une copie dûment signée de l'Accord.

Section 6.08. Rapport d'Achèvement. Dès l'achèvement du Projet, un rapport d'achèvement devra être rédigé, signé par les représentants appropriés de l'A.I.D. et de l'O.M.V.S. et soumis à l'A.I.D. et l'O.M.V.S. Ce rapport devra comprendre un résumé des contributions réelles de chaque partie au Projet dans le cadre du présent Accord de Subvention, ainsi qu'un compte rendu des activités accomplies, des objectifs atteints et des données fondamentales y afférents. L'A.I.D. et l'O.M.V.S. fourniront l'une à l'autre tous les renseignements nécessaires à la détermination de la nature et de la portée des opérations menées en vertu du présent Accord de Subvention en vue d'évaluer l'efficacité desdites opérations. L'O.M.V.S. convient de transmettre à l'A.I.D. des rapports d'appréciation écrits sur les réalisations de tout entrepreneur des l'achèvement desdites réalisations.

Section 6.09. Cession de Base d'Action Judiciaire. L'O.M.V.S. convient de signer une cession à l'A.I.D., sur sa demande, de toute base d'action judiciaire pouvant survenir dans le cadre ou par suite de l'exécution ou du défaut d'exécution de tout contrat financé en

tout ou en partie par des fonds fournis par l'A.I.D. aux termes du présent Accord de Subvention.

Section 6.10. Lettres de Mise a Exécution. L'A.I.D. pourra, de temps en temps, émettre des Lettres de Mise a Exécution qui prescriront les procédures applicables dans le cadre de l'exécution du présent Accord.

Les dispositions de l'Article II, Section 2.01 et de l'Article III, Sections 3.02 et 3.07 sont interprétés conformément aux indications données dans la lettre annexée à l'Accord de Subvention. (Side Letter)

EN FOI DE QUOI, l'O.M.V.S. et les Etats-Unis d'Amérique, chacun agissant par l'intermédiaire de ses représentants dument mandatés, ont fait établir et signer le présent Accord de Subvention en leur nom au jour et à l'année indiqués en tête des présentes.

AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL

ORGANISATION POUR LA MISE EN VALEUR DU FLEUVE SÉNÉGAL

Par: C. RUDOLPH AGGREY

Par: MAMADOU AW

O. Rudolph Aggrey

Mamadou Aw

Titre: Ambassadeur des Etats-Unis au Sénégal

Titre: Haut Commissaire, Organisation pour la Mise en Valeur du Fleuve Sénégal

Date: 25 FÉVRIER 1976

Date: 25 FÉVRIER 1976

ANNEXE A

Description du Projet

L'Etude sur l'Environnement de l'O.M.V.S. a pour objet une analyse détaillée des implications et problèmes de l'environnement que comportent les projets proposés de développement du fleuve Sénégal. Cette étude sera exécutée par une équipe d'experts aux termes d'un contrat passé entre l'O.M.V.S. et une ou plusieurs firmes d'ingénieurs-conseils des Etats-Unis. Chaque fois que possible, ces firmes s'efforceront d'engager des nationaux riverains du pays afin d'aider à la réalisation du programme. Au fur et à mesure que cette étude progressera et que les aspects qui nécessiteront une surveillance régulière et continue seront mis à jour, un programme de formation ultérieur pour le personnel de l'O.M.V.S. pourra alors être préparé. Cette étude s'étendra sur une période de deux ans et nécessitera le concours de plus de 500 hommes-mois. L'équipe du projet comprendra les catégories de spécialistes suivants:

Directeur de Projet
Adjoint Administratif
Ingénieur Sanitaire

Ingénieur en Ressources Hydrauliques
Ingénieur d'Irrigation
Economiste en Transports
Météorologue
Ingénieur en Energie Hydraulique
Biologiste Marin
Mammalogiste
Ornithologue
Vétérinaire
Ecologiste/Limnologue
Expert Agricole (conservation des sols)
Forestier
Conseiller à la Santé Publique
Parasitologue/Bactériologue
Anthropologue
Conseiller-expert à la Santé
Techniciens pour la Qualité de l'Eau
Techniciens de Laboratoire Sanitaire sur le Terrain
Technicien Biologique
Techniciens de Génie Civil
Technicien d'Ordinateur
Editeur Technique
Rédacteurs Techniques
Secrétaires
Personnel de Soutien sur le Terrain

En termes précis, l'entrepreneur devra fournir l'équipement et le personnel requis pour l'accomplissement des services suivants:

1. Réviser les Données Fondamentales Existantes.

A l'intérieur des dix domaines principaux des effets sur l'environnement, les informations sur les paramètres suivants sont considérées suffisantes pour une contribution directe à l'étude. L'entrepreneur révisera les références des données disponibles sur ces paramètres spécifiques en vue d'obtenir des données de base suffisantes et nécessaires aux fins d'exécution de l'étude.

Régime du Fleuve:

étude technique préliminaire du Barrage de Manantali et du Barrage de Diama; modèle de bassin hydrologique; climatologie et hydrologie du bassin.

Régime de l'Estuaire:

limite de l'estuaire; étude technique préliminaire de la navigation.

Faune et Flore Aquatiques:

insuffisant.

Faune et Flore Terrestres:

insuffisant.

Développement Agricole:

Plan de Base du programme du périmètre irrigué.

Santé Publique:

insuffisant.

Qualité de l'Eau:	insuffisant.
Eau Phréatique:	quantité, caractéristiques aquifères.
Socio-Culturel:	insuffisant.
Développement Municipal et Industriel:	insuffisant.
2. Recueillir des Renseignements Supplémentaires.	
L'entrepreneur devra recueillir des données supplémentaires sur le terrain et/ou mener une étude critique d'ensemble (des documents existants) en vue de compléter les données existantes aux fins d'évaluation. A l'intérieur des dix domaines principaux des effets sur l'environnement, les paramètres suivants nécessitent des données sur le terrain et/ou une étude des documents existants:	
Régime du Fleuve:	régime débit/opérationnel: déclenchements; utilisations pour consommation; pertes naturelles; rendement; transport de sédiments; érosion des rives et détermination des buts d'utilisation.
Régime de l'Estuaire:	modèles de débit; échange de marée et transport de sédiments.
Faune et Flore Aquatiques:	poissons; biomasse; végétation et productivité biologique, à la fois dans l'eau douce et dans l'estuaire.
Faune et Flore Terrestres:	plantes, arbres, oiseaux, insectes, rongeurs importants, vie sauvage et animaux domestiques.
Développement Agricole:	pratiques d'exploitation agricole, besoins en eau et utilisation de l'eau aux fins de procédés chimiques.
Santé Publique:	incidence des maladies endémiques et maladies dues à l'eau, contrôle des vecteurs, et maladies animales.
Qualité de l'Eau:	physique, chimique, biologique et relations avec la quantité de l'eau.
Eau Phréatique:	analyses qualitatives pour une utilisation en eau potable.

***Socio-Culturel:**

changements amenés par le rétablissement et la ré-installation des populations, niveaux de vie, densité de la population et modèles culturels.

Développement Municipal et Industriel:

affectation de l'eau, utilisation de l'eau, sort final de l'eau et modes de transport.

***(Principalement une étude des documents existants)**

3. Modèle Mathématique.

En utilisant le modèle hydrologique mathématique existant comme une base physique analogue du bassin fluvial, l'entrepreneur élargira ce modèle pour y adapter des programmes visant la qualité de l'eau et le régime débit/opérationnel.

Le modèle élargi permettra l'analyse des conditions futures de débit, stockage, pertes, zones d'inondation, retraits, rendement et qualité de l'eau pour tout le bassin. Le programme élargi possèdera la flexibilité pour reproduire toute activité de développement prévue et dans le même temps, pour prendre en considération l'interdépendance entre la quantité et la qualité de l'eau prévue pour ces programmes. Les données sur le terrain obtenues sur la qualité de l'eau et le régime débit/opérationnel seront utilisées pour vérifier le modèle. L'entrepreneur devra utiliser le modèle vérifié pour prévoir les conditions critiques de la qualité de l'eau et du débit.

4. Déterminer l'Interdépendance.

L'entrepreneur devra analyser l'interdépendance probable entre la qualité/quantité de l'eau et (a) les effets écologiques, (b) les effets sociaux-culturels, et (c) les effets sur la santé publique en utilisant les résultats du modèle mathématique élargi. Ces interdépendances devront être évaluées dans toute la mesure spécifiée de la flexibilité du programme.

5. Évaluer les Effets.

Se fondant sur les données existantes recueillies à partir des données supplémentaires obtenues sur le terrain et l'étude des documents existants, les résultats obtenus du modèle élargi, ainsi que la détermination des interdépendances (1-4 ci-dessus), l'entrepreneur fera une évaluation d'ensemble des effets associés au développement du bassin proposé. L'évaluation de ces effets sera catégorisée comme il est spécifié dans les Directives, pour à la fois les aspects premiers (Barrage de Manantali, Barrage de Diama, Navigation Fluviale et Programme du Périmètre Irrigué) et les aspects secondaires (énergie hydro-électrique, mines et industrie, etc.)

Les effets devant être étudiés et évalués se placent sous les principaux chapitres suivants:

- a. Modifications physiques dans le cours du fleuve dues au débit modifié du fleuve.

- b. Aspects positifs et négatifs de la suppression de l'utilisation profitable des terres inondées par les deux barrages.

6. Actions Prescrites.

Se fondant sur cette évaluation, l'entrepreneur devra indiquer les actions possibles en vue d'atténuer ou de minimiser les effets adverses ou d'augmenter au maximum les effets bénéfiques. L'entrepreneur devra, en outre, identifier les priorités relatives de ces actions et préparer un tableau d'exécution en accord avec le développement séquentiel proposé du bassin.

Au fur et à mesure que les actions proposées par l'entrepreneur seront acceptées comme possibles par l'O.M.V.C., l'entrepreneur devra alors être disposé à travailler directement avec le personnel ministériel des états riverains concernés dans l'élaboration de programmes d'actions concrètes pour leur mise à exécution immédiate.

7. Préparer le Rapport Final.

Cette évaluation devra être rédigée sous la forme d'un rapport conformément aux Directives spécifiées. Cent copies en français devront être soumises au Secrétaire Général de l'O.M.V.S.

8. Présenter les Conclusions.

L'entrepreneur présentera ses conclusions intérimaires à l'O.M.V.S. chaque fois qu'il lui en sera fait la demande par le Secrétaire Général de l'O.M.V.S., en sus d'une présentation finale consécutive à la soumission du rapport d'ensemble définitif par écrit.

Lettre annexée à la Convention ("Side Letter")

A la suite des discussions entre l'OMVS et l'USAID les éclaircissements suivants ont été apportés sur certains points de la Convention de Financement du projet d'Etude sur l'Environnement pour le Développement Intégré du Bassin du Fleuve Sénégal.

Article II, Section 2.01: Conditions préalables au Décaissement.

b) Par "la preuve de la création au sein de l'OMVS, d'un Département relatif aux Affaires de l'Environnement", il faut entendre la création d'un Comité Consultatif de l'Environnement pour aider le coordonnateur dans sa tâche. Compte tenu du caractère pluridisciplinaire du projet, les membres du Comité seront des représentants des différentes Directions. Ces membres se rencontreront périodiquement pour évaluer les résultats de l'étude réalisée par la firme chargée de l'exécution du projet et, en collaboration avec celle-ci, élaborer des programmes acceptables et pouvant être réalisé par les Etats de l'OMVS.

Article III, Section 3.02: Taxes.

Il est entendu que l'OMVS ne dispose d'aucun texte juridique lui permettant de faire appliquer les clauses de l'exonération, ni de ressources nécessaires pour payer les droits y afférents.

Cependant, en pratique, toutes les conventions passées par l'OMVS ont bénéficié de la clause de l'exonération. La présente Convention n'y fera pas exception.

Section 3.07: Remboursement.

Cette disposition légale imposée à l'AID, a son origine dans, et est en partie basée sur des types d'assistance américaine, à l'étranger totalement différents de ce programme-ci, c'est-à-dire des programmes de marchandises importées sous financement AID ainsi que des projets de construction. Cet accord de subvention est destiné à financer un contrat de services; ce financement sera couvert par une lettre d'engagement du Gouvernement des Etats-Unis à une Banque Commerciale américaine avec des lettres de crédit émises par l'OMVS dans le cadre de cet accord.

De telles dispositions réduisent au maximum la possibilité de déboursement qui ne serait pas conforme aux termes de cet accord de subvention. De plus, si pour une raison quelconque, l'OMVS a des motifs de poursuite se rapportant à, ou résultant du travail du contractant, ou d'une infraction au contrat, selon l'art. VI section 6.0.9., l'AID pourrait demander que l'OMVS lui cède le droit de poursuite légale.

SAUDI ARABIA

Technical Cooperation in Electrical Power Planning

*Agreement signed at Riyadh February 29, 1976;
Entered into force June 16, 1976.*

Project Agreement

Between

The Ministry of Industry and Electricity

and

The Ministry of Finance and National Economy

Kingdom of Saudi Arabia

and

The Department of the Treasury

United States of America

for

Technical Cooperation

in

Electrical Power Planning

ARTICLE I: Scope

By the terms of this agreement, the Department of the Treasury (Treasury) of the United States of America, herewith agrees with the Ministry of Industry and Electricity (MIE) and the Ministry of Finance and National Economy (MFNE) of the Kingdom of Saudi Arabia that the United States Government will contract with selected United States firms (Contractors) to provide technical assistance in the field of electrical power planning to the MIE.

ARTICLE II: Authorization

The project will be carried out under the auspices of the United States-Saudi Arabian Joint Commission on Economic Co-operation and in accordance with the provisions of the Technical Cooperation Agreement between the Governments of the United States and Saudi Arabia signed on February 13, 1975, [¹] which is hereby incorporated by reference and becomes a part of this agreement.

ARTICLE III: Services to be Performed

Treasury will contract on behalf of the Government of Saudi Arabia with United States firms to advise and assist MIE in the development and upgrading of the Kingdom's electric power system. The Contractors' tasks will be to (1) prepare a comprehensive 25 year national electrification plan, and (2) advise and assist MIE on day-to-day basis regarding current electric utility needs and problems through the Kingdom. A tentative statement of the detailed responsibilities of the Contractors appears at Appendix A.

¹ TIAS 8072; 26 UST 880.

ARTICLE IV: Responsibilities of Treasury

A. Treasury will negotiate and contract with the Contractors. The selection of the Contractors will be based solely on considerations of corporate capability and experience and other professional factors. Treasury will obtain the approval of MIE and MFNE of the financial and other terms of each contract and contract revision which it enters into pursuant to this agreement.

B. Treasury and MIE will monitor the implementation of the contracts. Treasury will use best efforts to see that the Contractors execute their contractual responsibilities with professional skill and dispatch.

ARTICLE V: Responsibilities of MIE

A. MIE shall either directly or through MFNE and other agencies:

- 1) Designate an MIE official as senior project officer to work with the Contractors
- 2) Provide all available information which may be needed by Treasury and the Contractors to fulfill their obligations under this agreement and contracts pursuant thereto, and assist the Contractors in making all necessary contacts with other government entities, private firms, and individuals involved in the electric power field in Saudi Arabia;

- 3) Assist, when requested, the office of the U.S. Representation to the Joint Economic Commission and the Contractors in locating and making available suitable housing for all United States personnel assigned to Saudi Arabia in connection with this project;
- 4) Assist the office of the Joint Economic Commission and the Contractors in providing adequate office space, office furnishings, secretarial assistance, translator and interpreter assistance, utilities, telephone facilities, and maintenance and upkeep of such office space for all U.S. personnel assigned to Saudi Arabia pursuant to this agreement;
- 5) Assist in obtaining supplies and materials as may be required for official duties by all U.S. personnel;
- 6) Assist in obtaining clearance for all U.S. personnel in matters including, but not limited to, customs, drivers permits and other services that may involve other agencies of the Government of Saudi Arabia; and
- 7) Assist in providing other related support as may be appropriate to the conduct by Treasury and the Contractors of their official duties in connection with this project.

B. As authorized by the Technical Cooperation Agreement, Treasury may use funds advanced for this project by the Government

of Saudi Arabia to defray the cost of such supplies and services as cited in items 4, 6, and 7 of Article V.A., above, to the extent they are not provided by the Government of Saudi Arabia.

ARTICLE VI: Coordination

Coordination in Saudi Arabia of this project with other Joint Commission activities of the United States Government will be the responsibility of the Office of the U.S. Representation to the Joint Commission in Riyadh. The Office will also serve as the point of contact for all policy related communications among MIE, MFNE, and Treasury concerning this project, and will facilitate activities under this agreement.

ARTICLE VII: Force Majeure

If any party to the agreement or the Contractors are rendered unable because of Force Majeure to perform their responsibilities under this agreement, these responsibilities shall be suspended during the period of continuance of such inability. The term "Force Majeure" means acts of God, acts of the public enemy, war, civil disturbances, and other similar events not caused by nor within the control of the parties. During the period of suspension of performance caused by Force Majeure, Treasury may continue to pay normal costs of maintaining project personnel in Saudi Arabia from funds advanced to the United States by the Government of Saudi Arabia. In the event of suspension of a party's or the Contractors' duties because of Force Majeure the parties and the

Contractors shall consult and endeavor jointly to resolve any attendant difficulties.

ARTICLE VIII: Estimated Costs

A. The costs for the services to be provided to MIE and MFNE pursuant to this agreement are composed of the costs incurred by Treasury under the contracts it enters into pursuant to this agreement (Contract Costs) and the costs incurred by Treasury as a result of its other responsibilities under this agreement (Treasury Costs). The Government of Saudi Arabia will provide Treasury in advance with funds sufficient to cover all Contract Costs and all Treasury Costs.

The contracts Treasury will enter into with Contractors will be "cost plus fixed fee" contracts. As provided in Article IV.A., above, MIE and MFNE will approve the financial terms of these contracts. It is estimated that total contract costs will be on the order of \$15,000,000 through 1981. /

B. The costs for the services to be provided to MIE and MFNE pursuant to this agreement for the period March 1, 1976 through March 31, 1978 are estimated to be \$9,200,000. This estimate covers the following expenses:

Contract Costs	\$5,500,000
Treasury Costs	<u>\$3,700,000</u>
	\$9,200,000

Treasury costs would be divided as follows:

Equipment, cars, etc.	\$ 700,000
Housing for Contractor Personnel	<u>\$3,000,000</u>
	\$3,700,000

C. Budgets for subsequent periods of this project will be prepared and submitted by Treasury for acceptance by MIE and MFNE.

ARTICLE IX: Dollar Trust Account

The Government of Saudi Arabia agrees to deposit in the dollar trust account in the United States Treasury established by the Technical Cooperation Agreement the sum of \$9,200,000 to cover the estimated costs for the initial time period described in Article VIII.B. above. Upon agreement on each succeeding budget, the Government of Saudi Arabia will deposit in the said dollar trust account the dollar amount in the agreed estimate for the services to be provided by Treasury and the Contractors.

ARTICLE X: Effective Date

This agreement shall become effective after signature by representatives of the parties and after the deposit by the Government of Saudi Arabia of the initial sum described in Article IX, above, [¹] covering the period March 1, 1976, through March 31, 1978, and shall remain in effect until terminated

¹ June 16, 1976.

by the parties hereto in accordance with Article XI, below,
or the termination of the Technical Cooperation Agreement of
February 13, 1975, whichever shall occur first.

ARTICLE XI: Amendment, Extension or Termination

A. This agreement may be amended or extended by mutual
agreement in writing.

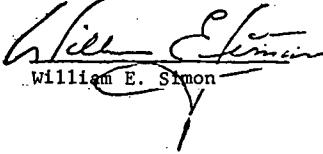
B. This agreement may be terminated by any party notifying
the others 60 days in advance in writing.

ARTICLE XII: Resolution of Difficulties

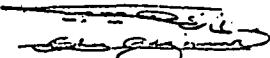
Treasury and the Ministries shall consult, upon request
of any party, regarding any matter related to the terms of the
agreement and shall endeavor jointly in a spirit of cooperation
and mutual trust to resolve any difficulties or misunderstandings
that may arise.

Dated this 29th day of February, 1976:

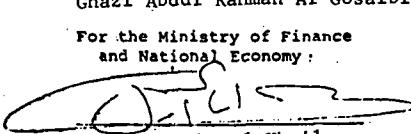
For the Department
of the Treasury.


William E. Simon

For the Ministry of Industry
and Electricity:


Ghazi Abdul Rahman Al-Gosaibi

For the Ministry of Finance
and National Economy:


Mohammad Aba al-Khail

Appendix A

Detailed Statement of the Responsibilities of the Contractor

This project will be implemented by a Contractor selected under the auspices of the United States Treasury Department. The Contractor will undertake both elements of the project, i.e., the preparation of a 25 year National Electrification Plan for the Kingdom and the provision of technical experts to work with the Ministry of Industry and Electricity on a day-to-day basis. Overall management of the Contractor's work in the field will be provided by a Project Manager who will be assisted by a Team Leader selected from each of the resident teams. The Project Manager will, of course, work closely with the Joint Economic Commission.

A scope of work for the two elements of the project is provided on the following pages. This scope will be used as the primary document in the selection of the Contractor. It is recognized that as the project evolves, it may be necessary to modify the scope to accommodate necessary changes.

SCOPE OF SERVICES

The Contractor shall provide technical assistance to the Ministry in the electric utility field for the entire Kingdom. This assistance shall be in two major divisions, (1) the preparation of a comprehensive 25 Year National Electrification Plan and (2) the provision of advice and assistance to the Ministry by an Operations Advisory Team.

Section 1Preparation of a Comprehensive 25 Year National ElectrificationPlan for the Entire Kingdom (PLAN)

The PLAN shall include the preparation of (I) technical studies, (II) financial studies, (III) manpower studies, and (IV) methods and procedures to assist the Ministry in providing assistance to and regulation of the electric utilities. Specifically, the Contractor shall perform the following services:

1. Technical Studies for the Entire Kingdom

A. Survey and inventory existing electric utilities to determine their financial, technical, and manpower status. This survey shall be accomplished primarily through the use of a questionnaire which will be prepared jointly by the Ministry and the Contractor.

B. Prepare a forecast of electrical energy requirements on an annual basis over the next 25 years, recognizing differences between the various utilities and regions. In preparing this forecast, projections for industrial and other development in the current Five Year (1976-1980) shall be fully considered.

For the period after 1980, the Contractor, in consultation with the Ministry, shall determine the most suitable methodology to use in making these forecasts, i.e., surveys, gross national product relationships, other or combinations thereof. Regardless

of which methodology is used, the results shall be presented for each year by major user classification for each individual area and/or utility and shall show the annual percentage increase for such major user classification.

C. Prepare a long range Electric System Development Plan for the next 25 years (System Plan). This System Plan shall represent the Contractor's estimate of the most efficient and effective means to provide the electric services required throughout the Kingdom:

- (1) The optimum location and size of generating plants and transmission lines, 33 KV and above, shall be determined.
- (2) Justifiable regional and nationwide inter-connections and dispatch centers will be identified and described.
- (3) Alternate energy sources, such as Solar Energy, shall be considered and information developed as to when and under what conditions they can be incorporated into the System Plan.
- (4) Alternate approached, i.e., annual cost, discounted present value, or others, to solving problems shall be fully considered to assure that the System Plan will result in the most efficient and effective system. The methodology used in analyzing alternate approaches shall be that which the Contractor deems most appropriate after consultation with the Ministry.

- (5) The System Plan shall be converted into a model so that it can be tested should major changes occur in parameters such as rate of growth of electrical consumption, capital costs, and fuel economics. The procedures for analyzing such changes shall be shown as well as the results of specific changes.
- (6) Existing facilities shall be considered and used where appropriate. Current plans of the utilities for construction and expansion over the next five years shall be studied and incorporated in the System Plan where appropriate. The Government desalination plans shall be incorporated into the System Plan.
- (7) The stability, reliability, and continuity of services of the various systems shall be considered and must be satisfactory by standards accepted by modern electric supply entities in the industrial world.
- (8) The Contractor shall recommend transmission voltages most suitable for the System Plan. These should be kept to minimum to simplify construction and procurement. If appropriate, the Contractor shall recommend changes in the voltage of existing transmission systems to fit into the System Plan.
- (9) Distribution expansion for existing utilities shall be determined and shown only in such detail as necessary for the Contractor to determine capital

and operation costs. Distribution expansion for areas not now served, i.e., rural and community, shall be determined and presented in the same manner with additional detail shown so that the areas encompassed are delineated.

D. The Contractor will present the overall results obtained in A through C above for each utility, existing or proposed, bearing in mind the possible consolidation of these utilities into a system of optimum size, such as regional or national grids and generation, so they can be analyzed separately.

E. The Contractor will present all information, data, and results utilizing narrative, key maps, electric circuit diagrams, charts, graphs, or tables so that results, recommendations, rationale, procedures, comparisons, and analyses are clearly presented and can be used by the Ministry in implementing the expansion programs for the Kingdom.

II. Financial Studies for each Existing or Proposed Utility or Other Entity such as Regional or National Grids and Generating Plants

The Contractor will:

- A. Determine the present investment by years including existing systems;
- B. Determine and present all operating expenses by years;
- C. Determine and present revenue requirements from the fixed tariff and estimate necessary Government subsidies by

years, so that sufficient revenue will be generated to meet all expenses and provide the guaranteed rate of return on investment fixed by the Government. Suggest alternative methods of meeting these revenue requirements.

D. Prepare profit and loss statements and balance sheets utilizing the information developed above. These need only be prepared for the first fifteen years of the 25 year period;

E. Present all information, data, and results utilizing narrative, charts, graphs, or tables so that results, rationale and procedures are clearly presented and can be used by the Ministry in financial analyses of the expansion programs.

III. Manpower Studies

Review manpower training requirements to:

- A. Establish manpower requirements for the utilities by disciplines, i.e., linemen, meter readers, line superintendents, engineers, accountants, managers, technicians, bookkeepers, administrators, etc.;
- B. Determine manpower available and provide guidelines for the recruitment of additional personnel needed; accounting for dropouts;
- C. Establish training programs that will provide a reservoir of skilled personnel. These would include on-the-job training, instruction in a central training organization in Saudi Arabia, secondary school and university education, and training in other countries; and

D. Provide assistance and guidance in establishing a central training organization.

IV. Methods and Procedures to Assist the Ministry in Providing Assistance to and Regulation of the Utilities

The Contractor will:

A. Review and comment on present methods of providing financial assistance to utilities, and suggest, if appropriate alternative methods;

B. Provide assistance in establishing a unit in the Ministry that will gather and analyze statistics necessary for the electric power industry. These statistics would relate to population trends, power use, establishment of industry, energy resources, cost data and the like;

C. Suggest a reporting system to be used by the utilities to keep the Ministry informed on their annual financial and physical status;

D. Review the uniform system of accounts already made available to the Ministry and, if necessary, suggest revision of or replacement of the system with one tailored to conditions in Saudi Arabia for the utilities to use to assure consistency in reporting to the Ministry;

E. Suggest standards, including safety standards, for material and construction involved in distribution, transmission and generating systems and, to the extent practical, for other systems;

TIAS 8614

F. Suggest a uniform procurement system that will, to the extent possible, assure the prompt and satisfactory procurement of goods and services;

G. Suggest the ownership pattern of utilities most suitable for new areas to be served, i.e., private or government, bearing in mind the consolidation of these utilities to an optimum size system; and

H. Suggest methods to overcome problems of converting 50 Hertz systems to the national standard of 60 Hertz.

Section 2Advice and Assistance to the Ministry.

The Contractor shall provide a team of highly skilled professional personnel, expert in specific fields of the electric utility business, to assist the Ministry in its day-to-day operations and in formulating management decisions. The team will be under the general supervision of the Contractor's Project Manager but will work directly with the Ministry's management and professional personnel. Although separate and apart from the Contractor's personnel charged with developing the plan under Section 1 above, the advisory team may receive technical support from personnel assigned to that task. The composition of the team may be changed as the Ministry's requirements change. Disciplines in the fields of electric utility administration, management, organization, transmission and distribution would be represented on the initial team. Expertise in other fields would be provided by the Contractor's home office as required.

I. Responsibilities

Team members will work directly with the Ministry and provide professional advice and assistance as requested. They will be immediately available to consult, provide advice and/or services for which their experience qualifies them. When questions or problems are beyond the experience or capability of the team members, assistance will be requested from the home office.

II. Tasks

The operations advisory team shall perform tasks as assigned or requested by the Ministry such as:

- A. Providing advice and assistance in the general area of electric utility operation and management;
- B. Diagnosing electricity problems in the Kingdom and recommending solutions to resolve them;
- C. Monitoring key activities;
- D. Recommending safety regulations;
- E. Obtaining specialized technical services where such expertise is not available on the team;
- F. Specifying and, as authorized, procuring such parts, tools, equipment or material as may be required to resolve maintenance and operating problems;
- G. Advising the Ministry concerning administration, management and organizational matters;
- H. Providing advice and assistance to utilities; and
- I. Analysing requirements and recommending methods to gather and process data.

III. Professional Staffing

The initial long-term staff members will include:

- A utility management expert with experience in organizational and business aspects of utility operations,
- A transmission and distribution engineer with experience in the operation of this aspect of electric power systems,

- A power plant engineer with primary experience in steam, gas turbine and diesel power plant operations, and
- An accounting and finance specialist with experience in utility accounting, audit and financial management.

As and when needed, experts and specialists such as the following will be made available for short to medium duration assignment:

- Rate specialists,
- Procurement and contracting experts,
- Training experts,
- Safety experts,
- Data processing specialists,
- Mapping and survey specialists,
- Rural electrification experts,
- System and construction standards specialists, and
- Environmental import experts.

ISRAEL

Binational Industrial Research and Development Foundation

*Agreement signed at Jerusalem March 3, 1976;
Entered into force May 18, 1977.
With exchange of letters
Signed at Washington May 18, 1977.*

AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF ISRAEL

ESTABLISHING THE

ISRAEL - UNITED STATES

BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION

The Government of the United States of America and the Government of Israel,

Recalling the close ties in scientific and technological cooperation which have developed over many years between the two countries,

Recognizing the importance of peaceful industrial research and development for strong and vigorous economies in the two countries,

Convinced that applied scientific cooperation between the two countries in industrial research and development will strengthen the bonds of friendship and understanding between their peoples and advance the state of industrial research and development to the benefit of both countries, and

Convinced of the desirability of establishing a binational mechanism to continue and intensify cooperation between the two countries in industrial research and development,

Have agreed as follows:

Article I: ESTABLISHMENT

A. There is hereby established the Israel-United States Binational Industrial Research and Development Foundation, hereinafter called the "Foundation".

B. The principal office of the Foundation shall be located in Israel.

Article II: OBJECTIVE

The objective of the Foundation shall be to promote and support joint, non-defense industrial research and development activities of mutual benefit to the United States and Israel.

Article III: SCOPE OF COOPERATION

The scope of industrial research and development activities which the Foundation may promote and support shall include all applied science activities in the process through which an innovation becomes a commercial product, including, but not limited to, product engineering and manufacturing start up.

Article IV: POWERS OF THE FOUNDATION

The Foundation shall be a legal entity and shall have all powers necessary to carry out its objective, including, but not limited to, the power to:

- (1) promote and support, by funding or otherwise, joint industrial research and development projects, hereinafter called "projects";
- (2) make loans and grants;
- (3) enter into contracts;
- (4) provide services;
- (5) acquire, hold, administer, and dispose of real and personal property;
- (6) receive, hold, and disburse funds, and open bank accounts;
- (7) accept contributions of property, funds, and services; and
- (8) employ personnel.

Article V: BOARD OF GOVERNORS

A. A Board of Governors, hereinafter called the "Board", shall be the governing body of the Foundation and shall be responsible for determining the Foundation's program, including the fields of cooperative research which will be supported by the Foundation, and the Foundation's financial and managerial policies. Subject to the provisions of this Agreement, the Board shall have authority to:

- (1) adopt bylaws and rules of procedures;
- (2) establish regulations defining the policies, organization and procedures of the Foundation;
- (3) appoint an Executive Director;
- (4) approve the annual budget and research program of the Foundation indicating, *inter alia*, the research and development fields to which priority is to be given;
- (5) accept contributions of property, funds and services;
- (6) establish the principal office of the Foundation;
- (7) approve project and other expenditures by the Foundation and agreements pertaining to projects to be funded by the Foundation; and
- (8) exercise and delegate any other power of the Foundation not otherwise assigned by this Agreement.

B. The Board shall consist of six members, three representatives of the United States and three representatives of Israel. Except as may be otherwise designated by the respective Governments, the three representatives of the United States shall be the Assistant Secretary for Science and Technology,

Department of Commerce, the Assistant Secretary for Oceans and International Environmental and Scientific Affairs, Department of State, and the Assistant Secretary for International Affairs, Department of the Treasury, or their designees; and the three representatives of Israel shall be the Director General of the Ministry of Finance, the Director General of the Ministry of Commerce and Industry, and the Chief Scientist of the Ministry of Commerce and Industry, or their designees.

C. The Chairman of the Board shall be elected for a term of one year by the Board from among the Board members. The chairmanship shall alternate each year between representatives of the United States and Israel.

D. The Board shall normally meet once each year, but meetings of the Board may be held at such times and places as the Board may from time to time determine.

E. The Board shall act by vote of at least two-thirds of its entire membership. Members of the Board may vote by proxy.

F. Members of the Board shall serve without compensation from the Foundation, but the Board may authorize the payment by the Foundation of the necessary expenses of any members in attending Board meetings and in performing other official duties for the Foundation.

G. The Board shall provide for annual audits by independent auditors of the accounts of the Foundation. The reports of such audits, which shall be submitted to both Governments, shall contain certification as to the accounts of the Foundation and evaluate the Foundation's internal control and auditing systems.

Article VI: EXECUTIVE DIRECTOR

A. The Executive Director shall be the chief executive officer of the Foundation. He shall be responsible for the operations and staff of the Foundation, and act in accordance with the policies, directives and delegations of the Board.

B. The Executive Director shall employ, oversee and dismiss members of the professional and administrative staff subject to the approval of the Board.

C. The Executive Director shall, among other things:

- (1) Evaluate proposals for projects submitted to the Foundation; and prepare and submit recommendations and draft agreements concerning project proposals to the Board for its approval;
- (2) Prepare and submit to the Board for its approval an annual budget and research program, including long-range plans for use of the Foundation's resources;
- (3) Prepare and submit to the Board for its approval an annual report, including an audited financial statement, on the activities of the Foundation; and
- (4) Implement decisions of the Board.

D. Any power of the Executive Director under this Agreement or delegated to him by the Board may be delegated by him to other officers of the Foundation, except as otherwise prescribed by the Board.

E. The Executive Director may obtain assistance from outside professionals, such as certified public accountants and technological experts, in evaluating proposals and auditing and monitoring projects sponsored by the Foundation.

F. The Executive Director shall organize, through a small budget item, various activities, such as consultant visits, information exchanges, and similar activities, to facilitate the achievement of the Foundation's objective.

G. The Executive Director shall maintain an appropriate system of internal control, including books and records which reflect the transactions of the Foundation and show the current financial condition of the Foundation.

Such system shall include adequate internal financial and operational audits. The books, records, and internal audit reports shall be available for review by authorized representatives of both Governments.

H. The Executive Director shall maintain close liaison with the Chief Scientist of the Ministry of Commerce and Industry of Israel and the Science Attaché of the United States Embassy in Israel and keep them fully informed of the Foundation's activities.

Article VII: FINANCIAL ASPECTS

A. The original endowment of the Foundation shall consist of the following:

(1) Israeli pounds equivalent to thirty million dollars (\$30,000,000) at the official rate of exchange on the date of payment to be contributed by the Government of Israel;

(2) Israeli pounds equivalent to thirty million dollars (\$30,000,000)

at the official rate of exchange on the date of payment to be
contributed by the Government of the United States.

B. The original endowment shall be provided to the Foundation within seven calendar days after all necessary authorizations have been obtained by the two Governments. The U.S. contribution is conditional on prior receipt of the payments referred to in paragraph H. below.

C. (1) Israeli pounds derived from the accelerated payment by Israel to the United States of Public Law 480 [¹] debts without maintenance of value provisions referred to in paragraph H. below and an equal amount contributed by the Government of Israel shall be deposited in an account ("Endowment Account A") in the Bank of Israel and shall earn interest at the rate of four percent (4%) per annum, payable quarterly in arrears. This interest rate shall be adjusted annually in proportion to the change in the Israel Consumer Price Index in the twelve months preceding the adjustment. The first adjustment shall take place one year after this Agreement enters into force pursuant to Article XI.A.

(2) Israeli pounds derived from the accelerated payment by Israel to the United States of Public Law 480 debts with maintenance of value provisions referred to in paragraph H. below and an equal amount contributed by the Government of Israel shall be converted by the Government of Israel into U.S. dollars and deposited in a dollar account ("Endowment Account B") in the Bank of Israel. The dollar account shall earn interest

¹ 68 Stat. 454; 7 U.S.C. § 1701 *et seq.* [Footnote added by the Department of State.]

at the rate of five and one-half percent (5.5%) per annum,
payable quarterly in arrears.

(3) All income earned from Endowment Accounts A and B
and from all other sources which is not to be used immediately
for the operations of the Foundation shall be deposited with
the Bank of Israel or invested in obligations issued or guaran-
teed by the Government of Israel, the Government of the
United States or an instrumentality of either Government.
Such investments shall be made by the Executive Director
pursuant to policies established by the Board and shall be
made in such manner as will maximize earnings, consistent
with their security and liquidity.

D. The Foundation shall use its investment and other income
for the operations of the Foundation. In addition, with the
approval of the Board, not more than ninety million (90,000,000)
Israeli pounds may be drawn from Endowment Account A for the
operations of the Foundation.

E. Except as the Board shall otherwise determine, to the
extent that, at the end of any fiscal year, the dollar value
of the net liquid assets of the Foundation are in excess of
the equivalent of one hundred twenty million dollars (\$120,
000,000) at the official rate of exchange, the excess shall
be distributed in equal shares to the two Governments within
30 days after the Board's approval of the financial statement
for that year. Such distributions will be taken from assets
of the Foundation other than those in Endowment Accounts A
and B and will be made to the United States in dollars or in

Israeli pounds convertible into dollars. Distributions to the Government of Israel shall be made in Israeli pounds.

F. The Government of Israel shall permit the Foundation to exchange Israeli pounds for convertible currencies required for expenses and financings of the Foundation's activities outside of Israel and permit their transfer if no foreign currency funds are available to the Foundation.

G. Income from Endowment Account B as well as all other income originated in non-Israeli currency can be invested in Israel or in the United States by the Executive Director, pursuant to policies established by the Board. The Government of Israel shall permit the transfer of foreign currency required for such investments in the United States.

H. The Government of Israel shall pay on the date this agreement enters into force to the Government of the United States Israeli pounds in an amount equivalent to thirty million dollars (\$30,000,000) at the official rate of exchange on that date by way of acceleration of those payments still outstanding on certain Public Law 480 debts for the years 1976 to 1997 as set forth in Appendix A. Additional accelerated payment of remaining installments of Public Law 480 debts with maintenance of value, in the inverse order of their maturity, shall be used to the extent necessary to bring the total accelerated payments to thirty million dollars (\$30,000,000).

Article VIII: OPERATIONS

A. The Foundation's operations shall consist mainly of the selection, approval and monitoring of projects funded in whole

or in part by the Foundation. All proposals for such projects shall be submitted through the Executive Director to the Board for approval.

B. Each proposal considered by the Board shall:

- (1) be submitted by United States or Israeli entities;
- (2) show a mutually beneficial relationship between United States and Israeli entities;
- (3) demonstrate the technical and economic feasibility of the project;
- (4) contain evidence that the applicant(s) is capable of carrying out the project, either alone or through partial subcontracting to universities, industrial research institutes or other qualified entities; and
- (5) indicate that the applicant(s) will contribute, from its own resources, or resources available to it, a significant portion of the financial resources required to carry out the project.

C. Each proposed project considered by the Board shall:

- (1) promise a tangible, direct benefit for the national economies of the United States and Israel, such as significantly increased exports, maximized value added or new markets;
- (2) be of interest to both United States and Israeli industry, because, for example, it would result in a new need in the world market being met or the exchange of materials between United States and Israeli industries being increased;
- (3) be of general interest to an entire industrial field;

- (4) directly or indirectly contribute to additional development of products, processes, or markets; and
- (5) have tangible, direct benefits for both countries. (A project shall be considered to have tangible, direct benefits to both countries if it meets one of the following criteria:
 - (a) It is submitted jointly by a United States and an Israeli firm or by a joint venture of United States and Israeli firms.
 - (b) It will require expenditures for goods and services in both countries.
 - (c) It meets any other criteria established by the Board.)

D. Projects sponsored by the Foundation may not be conducted in geographic areas which came under the administration of the Government of Israel after June 5, 1967, and may not relate to subjects primarily pertinent to such areas,

Article IX: EXEMPTIONS

A. United States citizens employed by the Foundation or engaged in projects in Israel sponsored by the Foundation, and accompanying members of their families, if such citizens and such members are not permanent residents of Israel, shall be exempt from Israeli income taxes (including contributions required by the National Insurance Law of Israel), on income derived from the Foundation.

B. Travel by United States and Israeli citizens, who are not permanent residents of Israel, in connection with the official business of the Foundation or in connection with a project sponsored by the Foundation shall be exempt from the Israeli travel tax.

C. Permanent residents of Israel, travelling principally in connection with official business of the Foundation, shall enjoy the same reductions of

travel tax as are accorded Israeli scientists employed by institutions of higher learning travelling on behalf of their institutions.

D. The Government of Israel shall accord exemptions (a) from Israeli income tax and property tax on the Foundation and (b) from Israeli customs, duties, excises, surtaxes and other taxes levied on importation (1) of goods (including furniture, equipment, supplies and scientific and educational articles) intended for the use of the Foundation and (2) of scientific equipment to be owned by the Foundation and intended principally for use in a project sponsored by the Foundation.

E. If it develops that the Foundation or the projects sponsored by it are affected by lack of additional tax exemptions, the two Governments will consult together with a view to taking such action as may be mutually agreed to remedy the situation.

Article X: OTHER SCIENTIFIC COOPERATION

Nothing in this Agreement shall be construed to prejudice other arrangements for scientific cooperation between the two countries.

Article XI: ENTRY INTO FORCE AND DURATION

A. This Agreement shall not enter into force until after the Congress of the United States has appropriated the funds with which the United States will make its contribution to the original endowment of the Foundation. The Government of the United States shall notify the Government of Israel promptly after the United States has taken all action necessary to permit the United States to make its contribution to the endowment of the Foundation and the Government of Israel shall notify

the Government of the United States promptly after it has taken similar action. Thereafter, this Agreement shall enter into force on the date when both Governments make their contributions to the endowment as specified in Article VII.^[1] This Agreement shall remain in effect for five years from the date of its entry into force, and shall continue thereafter unless terminated by mutual agreement or by one year's notice in writing by one Government to the other.

B. The Regulations concerning Policies, Organization and Procedures of the Foundation and the Rules of Procedures of the Board attached to this Agreement shall become effective from the date of entry into force of this Agreement and shall remain in effect until changed by the Board.

C. In the event of termination of this Agreement, each Government shall be entitled to one-half of the assets of the Foundation in Endowment Account A, one-half of the assets in Endowment Account B, and one-half of all other assets. As soon as possible after the termination, the property of the Foundation shall be sold and the sale proceeds and any other assets and funds (other than those in Endowment Accounts A and B) shall, after payment of all obligations, be divided equally between both Governments. However, (1) any industrial and intellectual property assets of the Foundation shall be divided or disposed of as the Governments may agree; and (2) records or documents of the Foundation shall be disposed of as the Board shall decide, subject to the approval of the Governments.

D. In the event of termination,

(1) Each country's share of assets, other than those in Endowment

¹ May 18, 1977. [Footnote added by the Department of State.]

Accounts A and B, shall be repaid as soon as those assets can be reduced to liquid form.

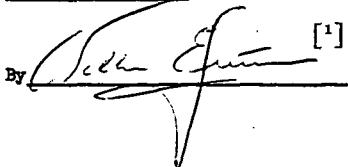
- (2) The Israeli share of assets in Endowment Accounts A and B shall be repaid in full to the Government of Israel on the date of termination.
- (3) If the Foundation is terminated prior to 1990, the United States share of assets in Endowment Accounts A and B shall be repaid in equal semi-annual installments drawn in equal proportion from each account beginning on the date of termination. The installments shall be based on a pro-rating of the repayment over the period from the date of termination to 1990. Until repayment, the United States share of the assets shall remain in their respective Endowment Accounts. As provided in Article VII above, the value of such assets shall be maintained by the Government of Israel and shall earn interest. The assets and their interest earnings shall be paid to the Government of the United States semi-annually.
- (4) If the Foundation is terminated during or after 1990 the United States share of the assets in Endowment Accounts A and B shall be repaid in full to the Government of the United States on the date of termination.

(5) All repayments to the Government of the United States, other than those from Endowment Account A which shall be in Israeli pounds, shall be in U.S. dollars.

Done in duplicate at Jerusalem this third day of March, 1976.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

By

A handwritten signature in black ink, appearing to read "William E. Simon".

[¹]

FOR THE GOVERNMENT OF ISRAEL

By

A handwritten signature in black ink, appearing to read "Y. Rabinowitz".

[²]

¹ William E. Simon

² Y. Rabinowitz

[Footnotes added by the Department of State.]

Appendix A

Israeli Prepayment of Installments Becoming Due
from Effective Date of Agreement to U.S. Calendar Year 1997I. Israeli Debt Without Maintenance of Value (MOV)*

<u>Loan Number</u>	<u>Date of Last Installment Due</u>
271-G-043	3/1/87
271-G-046	4/1/87
271-G-058	2/1/87
271-G-064	1/1/83
271-G-065	3/1/87
271-G-073A	9/11/86
271-G-073B	12/29/86
271-G-073C	12/22/86
271-G-097	7/20/84
271-G-103	10/30/89
271-G-106	3/20/87
271-G-119	6/7/87
271-G-130	1/14/83

*All outstanding PL-480 non-MOV debt will be prepaid.

II. Israeli Debt With Maintenance of Value

Accelerated payment of remaining installments of the following debts, in the inverse order of their maturity, will be made to the extent necessary to bring total prepayment to Israeli pounds equivalent to \$30 million on date agreement becomes effective.

<u>Loan Number*</u>	<u>Date of Last Installment Due</u>
271-D-006	02/01/97
271-G-003	12/15/84
271-G-004	07/01/86
271-G-007	07/01/87
271-G-009	11/01/87
271-G-010	08/01/88
271-G-012	07/01/89
271-G-015	03/01/89
271-G-026	03/09/90

* Depending on the effective date of agreement, some loans may not be used.

REGULATIONS CONCERNING POLICIES, ORGANIZATION AND PROCEDURES
OF THE ISRAEL-UNITED STATES BINATIONAL INDUSTRIAL RESEARCH
AND DEVELOPMENT FOUNDATION

ARTICLE I

General

A. These Regulations supplement the applicable provisions of the Agreement Establishing the Foundation (the "Agreement"). In the event of a conflict between these Regulations and the Agreement, the Agreement shall prevail.

B. These Regulations may be amended with the approval of the Board of Governors (the "Board").

ARTICLE II

Policies

A. In selecting industrial research and development projects ("projects") to be supported by the Foundation, the Board shall take into account the extent to which they involve, during all stages of development and execution, close collaboration between scientists, experts and investigators from both countries.

B. The Foundation shall not support any project for longer than three years; provided, however, that support for a project may be renewed if the results obtained or expected to be obtained are determined by the Board to warrant such renewal.

C. Administrative expenses of the Foundation shall be kept to a minimum to permit maximum funding of projects.

D. "Proprietary data," which is not originated by the Foundation but which comes into the possession of the Foundation, shall be so marked, treated as confidential by the Foundation and not made public by the Foundation without the consent of the originating party.

E. At no time will grants and conditional grants outstanding by the Foundation exceed in total value the annual interest income earned by Endowment Accounts A and B.

F. Except as the Board may otherwise agree, no loans made by the Foundation shall bear an interest rate of less than 6% nor have a grace period in excess of 3 years nor a maturity period (including grace period) of more than 7 years. However, the Board may, at its discretion, modify the grace period and maturity requirements for any particular case.

G. Income referred to in paragraph G. of Article VII of the Agreement and earned by the Foundation from U.S. sources shall be invested in the United States to the maximum extent possible consistent with paragraph C.(3) of Article VII of the Agreement.

ARTICLE III

Organization

A. The Executive Director shall be a person of outstanding ability, prominent in the scientific and administration fields. He shall be appointed by the Board of Governors under a renewable contract for a

term not exceeding three years with such compensation and other terms and conditions as may be determined by the Board.

B. Any power of the Executive Director under the Agreement or delegated to him by the Board may be delegated to other subordinate officers, except as otherwise prescribed by the Board.

C. The qualifications, compensation, tenure and causes for dismissal of the professional and administrative personnel shall be determined by the Board. To the extent feasible, the professional personnel of the Foundation shall be divided equally between United States and Israeli citizens.

ARTICLE IV

Procedures

A. The Board in approving an annual budget may indicate certain items which it desires to have presented to it at a later stage for specific approval.

B. Subject to approvals by the Board of Directors as required by the Agreement and these Regulations, the Executive Director is authorized to sign contracts, grants, checks and other official documents, on behalf of the Foundation.

C. The Foundation shall indemnify members of the Board and personnel of the Foundation for any liability, including reasonable expenses, in connection with the defense of any suit arising out of the performance of their official duties, other than negligent or intentional misconduct.

D. The Executive Director, and all other personnel responsible for fiscal matters of the Foundation, shall be bonded at a level appropriate to their responsibilities.

E. The fiscal year of the Foundation shall be from October 1 to September 30.

F. Proposal submission and review shall be carried out as follows:

(1) In April and October of each year, the Executive Director shall have published in widely circulated governmental periodicals in Israel and the United States an invitation to submit proposal abstracts.

(2) The proposal abstracts shall be reviewed by the Assistant Secretary of Commerce for Science and Technology in the United States and by the Chief Scientist of the Ministry of Commerce and Industry in Israel.

(3) The Executive Director shall rank the proposal abstracts on the basis of the foregoing reviews and invite persons submitting ranking proposal abstracts to submit detailed proposals.

(4) Each detailed proposal shall be reviewed by the Chief Scientist of the Israel Ministry of Commerce and Industry and the Assistant Secretary for Science and Technology of the United States Department of Commerce.

(5) The Executive Director, on the basis of the reviews, shall rank the proposals and submit them, together with his recommendations, to the Board at least 45 days in advance of the Board meeting at which they are to be considered.

ARTICLE V

Terms

A. Any agreement between the Foundation and a participant(s) shall specify, among other things:

- a. Detailed financial arrangements, including terms regarding maturity, grace period and interest rate of any loans by the Foundation and conditions attached to any grants by it;
- b. Procedures for financial and technical reporting, monitoring and auditing;
- c. Marketing and manufacturing arrangements, as well as royalties and fees to the Foundation from a successful product, process or service;
- d. Procedures for publication of research; and
- e. Other terms and conditions which are in conformity with these Regulations, and, to the extent reasonably possible, with the standarized forms approved by the Board.

B. The patent rights clause incorporated in any agreement on a project authorized by the Foundation pursuant to these regulations shall be based on the following principles:

- (1) Where each participant makes a contribution to the research and development to be performed under the Agreement and:
 - (a) An invention is made by an employee(s) of only one of the participants, each participant shall have the first option to acquire the entire right, title and interest in the invention in his own country and the participant whose employee made the invention shall have the first option to acquire such rights in third countries subject to a nonexclusive, irrevocable, royalty-free license in the invention to the other participant(s); or
 - (b) An invention is made jointly by the employees of more than one participant, all participants shall have the option to retain jointly the entire right, title and interest in the invention throughout the world.

The rights specified in this paragraph shall be subject to the rights reserved to the Governments of the United States and Israel as specified in paragraph (3), and to the rights of the Foundation as specified in paragraph (4).

- (2) Notwithstanding the provisions of paragraph (1), where a purpose of an agreement is to market an invention, including bringing that invention to the point of commercial application, and where one participant holds the entire right, title and interest in that invention, such a participant shall continue to hold such rights in that invention unless otherwise agreed. The rights specified in this paragraph shall be subject to the rights of the Foundation as specified in paragraph (4).
- (3) The Governments of the United States and Israel shall each acquire a nonexclusive, irrevocable, royalty-free license to make or have made, to use or have used, and to sell or have sold any invention specified in paragraph (1) throughout the world for all governmental purposes; provided, however, that in any contracting situation involving an invention made under the Agreement, the Government of Israel shall give preference to the participant retaining the entire right, title and interest in the invention in Israel. Notwithstanding the foregoing, except for military purposes or in emergency situations, neither the Government of the United States nor the Government of Israel shall have the right to sell or otherwise dispose of in any third country any product incorporating an invention or made by practicing an invention without the prior written permission of the participant(s) which has acquired the

entire right and interest in the invention in third countries. Such participant shall not withhold permission where appropriate royalties are paid by the government concerned.

- (4) Any participant(s), who retains rights in an invention pursuant to paragraph (1) and who obtains a patent thereon in any country, shall pay to the Foundation a reasonable royalty on sales of any product embodying the invention or any product made by practicing the invention. Such royalty shall be established by negotiation between the Foundation and the participant(s) and shall be included in the Agreement setting forth the Foundation's support of the project. In determining the amount that shall constitute a reasonable royalty, consideration shall be given to the relative contributions of the Foundation and the participant(s) to the making of the invention.

ARTICLE VI

Industrial Research and Development Council

- A. The United States-Israel Industrial Research and Development Council (the "Council") will propose to the Board nominees for the position of Executive Director. However, the Board may choose as Executive Director a person who is not a nominee of the Council.

TIAS 8615

B. The Council will assist the Executive Director in bringing U.S. and Israeli industry together to submit proposals for cooperative technological research and development projects.

C. The Council will review the state of industrial research and industrial development in Israel, and, taking into account United States economic interests, will accordingly advise the Board on the direction which the Council believes the Foundation's activities should take.

ARTICLE VII

Definitions

(1) The term "participant" shall mean a party who executes an agreement with the Foundation pursuant to the provisions of the Agreement and Bylaws of the Foundation.

(2) The term "made" shall mean to conceive or first actually reduce to practice.

(3) A "joint invention" shall be defined in accordance with the patent laws of the United States and shall include a situation in which an invention is conceived by an employee(s) of one participant and reduced to practice by an employee(s) of the other participant.

(4) A "conditional grant" is a grant requiring repayment under conditions to be agreed between the Board and the recipients.

RULES OF PROCEDURE OF THE BOARD OF GOVERNORS OF THE
ISRAEL-UNITED STATES BINATIONAL INDUSTRIAL RESEARCH
AND DEVELOPMENT FOUNDATION

-
1. Special meetings of the Board may be called at the request of three members.
 2. Notice of meetings shall be dispatched to members at least thirty (30) days before the meeting by registered mail.
 3. A quorum of the Board for the transaction of business shall consist of four (4) members, including members present by proxy. A member of the Board may cast proxy votes for absent members of his nationality.
 4. A vacancy in the office of Chairman may be filled as it occurs by an election by the Board of a member from the same country as the previous Chairman for the remainder of the previous Chairman's term.
 5. The Chairman shall preside at meetings. In his absence, a member designated by the Chairman shall preside.
 6. The Executive Director shall attend all meetings of the Board, except meetings which concern his personal position as the Executive Director.
 7. The Executive Director of the Foundation shall be responsible for keeping the minutes of the meetings. These minutes shall record the subjects discussed, the decisions taken, and the votes on such decisions.

8. The order of business at meetings shall be as determined from time to time by the Chairman in consultation with the Board.

9. Through the Chairman, the Board may invite governmental representatives or private persons to attend its meetings.

10. The Board may establish special committees to consider and report on particular subjects.

11. In the event of a conflict between these Rules and the Agreement Establishing the Foundation, the Agreement shall prevail.

[EXCHANGE OF LETTERS]

EMBASSY OF ISRAEL
WASHINGTON, D.C.

שגרירות ישראל
ושינגטון

18 May 1977

Dear Mr. Bergsten:

On behalf of my Government, I have the honor to inform you that the Government of Israel is today contributing the equivalent in Israeli pounds of \$30 million (\$30,000,000) toward the original endowment of the Israel-United States Binational Industrial Research and Development Foundation ("Foundation"), pursuant to the March 3, 1976 Agreement between our two countries establishing the Foundation.

I also have the honor to inform you, on behalf of my Government, that the Government of Israel has today prepaid certain Public Law 480 debts described in the Annex to this letter. It is my Government's understanding that an exchange rate of 9.2626 Israeli pounds to the U.S. dollar governs the transactions indicated in this exchange of letters.

I would appreciate it if you would confirm, on behalf of your Government, the foregoing understanding that this letter and your reply constitute an agreement between our two Governments.

Sincerely,


Simcha Dinitz
Ambassador

The Honorable
C. Fred Bergsten
Ass't Secretary for Int'l Affairs
U.S. Department of the Treasury
Washington, D.C.
20220

AnnexInstallments to be Prepaid1. PL-480 Debt Without Maintenance of Value Provision

<u>Loan #</u>	<u>Installments Being Prepaid</u>	<u>Amount (Israeli Pounds)</u>
271-G-043	9/1/77-1987	12,503,096.44
271-G-046	10/1/77-1987	3,289,753.44
271-G-058	8/1/77-1987	7,855,750.00
271-G-064	7/1/77-1983	5,882,425.00
271-G-065	9/1/77-1987	18,371,700.90
271-G-073A	9/11/77-1986	14,127,272.80
271-G-073B	6/29/77-1986	14,833,636.44
271-G-073C	6/22/77-1986	8,118,243.01
271-G-097	7/20/77-1984	4,171,122.91
271-G-106	9/20/77-1987	12,558,240.00
271-G-119	6/7/77-1987	17,020,767.38
271-G-130	7/14/77-1983	6,226,260.75
		<hr/>
		TOTAL IL
		124,958,269.07

2. PL-480 Debt With Maintenance of Value Provision

<u>Loan #</u>	<u>Installments Being Prepaid</u>	<u>Amount (U.S. Dollars)</u>
271-D-006	8/1/85-1997	1,511,084.16
271-G-004	1986	983,382.27
271-G-007	*7/1/85-1987	1,434,985.03
271-G-009	11/1/85-1987	1,446,134.23
271-G-010	8/1/85-1988	5,974,335.02
271-G-012	7/1/85-1989	747,329.40
271-G-015	9/1/85-1989	4,304,198.07
271-G-026	9/9/85-1990	107,926.18

TOTAL \$ 16,509,374.36

*Partial prepayment



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

May 18, 1977

Dear Mr. Ambassador:

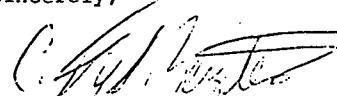
On behalf of my Government, I have the honor and distinct pleasure to inform you that the Government of the United States is today contributing the equivalent in Israeli pounds of thirty million dollars (\$30,000,000.00) toward the original endowment of the Israel-United States Binational Industrial Research and Development Foundation ("Foundation"), pursuant to the March 3, 1976 Agreement between our countries establishing the Foundation.

I also have the honor to acknowledge your letter of today's date informing me of the equivalent contribution to the Foundation by the Government of Israel. On behalf of my Government, I also accept your Government's prepayment of the Public Law 480 debts described in the Annex to your letter, and confirm our agreement that an exchange rate of 9.2626 Israeli pounds to one U.S. dollar governs the transactions indicated in our exchange of letters.

I am confident that the Foundation will strengthen economic cooperation between the United States and Israel and will promote mutually-beneficial links between the enterprises of our countries in the field of applied science and technology.

On behalf of my Government, I wish to confirm that your letter and the present letter constitute an agreement between our two Governments.

Sincerely,



C. Fred Bergsten
Assistant Secretary for
International Affairs

His Excellency
Simcha Dinitz
Ambassador of Israel
Washington, D.C.

JAPAN

Atomic Energy: Cooperative Research on Power Burst Facility (PBF) and Nuclear Safety Research Reactor (NSRR)

*Agreement signed at Tokyo March 9, 1976;
Entered into force March 9, 1976.*

AGREEMENT
ON RESEARCH PARTICIPATION AND TECHNICAL EXCHANGE
BETWEEN
THE UNITED STATES NUCLEAR REGULATORY COMMISSION (USNRC)
AND
THE JAPAN ATOMIC ENERGY RESEARCH INSTITUTE (JAERI)
IN
THE USNRC POWER BURST FACILITY (PBF) RESEARCH
AND THE JAERI NUCLEAR SAFETY RESEARCH REACTOR (NSRR) PROGRAM
COVERING A FOUR YEAR PERIOD

Whereas, the United States Nuclear Regulatory Commission (USNRC) and the Japan Atomic Energy Research Institute (JAERI)

- (a) have a mutual interest in cooperation in the field of reactor safety research, and
- (b) have as a mutual objective improving and thus ensuring the safety of reactors on an international basis, and
- (c) have as a mutual objective the achievement of full reciprocity in the exchange of technical information in the field of reactor safety research, and
- (d) recognize their status either as a successor to, or, an authorized participant for, an agreement between the United States Atomic Energy Commission and the Japanese Atomic Energy Bureau for the exchange of technical information in the field of research and development in reactor safety, dated the fifth day of March 1973, and

- (e) recognize that they are participants in the cooperative programs on reactor safety research of the International Energy Agency (IEA), as defined in the Article IV of the Guiding Principle for Cooperation in the field of Energy Research and Development, agreed upon by the IEA Governing Board, and
- (f) have expressed their intention to participate cooperatively in the USNRC funded Power Burst Facility (PBF) research program at the Idaho National Engineering Laboratory owned by the United States Government and operated under contractual arrangement between the Aerojet Nuclear Company and the U.S. Energy Research and Development Administration (USERDA) and the Nuclear Safety Research Reactor (NSRR) program at the Tokai Research Establishment of the JAERI.

Now, therefore, the USNRC and the JAERI do hereby mutually agree as follows:

ARTICLE I - PROGRAM COOPERATION

1. The USNRC and the JAERI will join together, in accordance with the provisions of this agreement, for cooperative research in the USNRC Power Burst Facility (PBF) program as described in Appendix A incorporated herein by reference and the JAERI Nuclear Safety Research Reactor (NSRR) program as described in Appendix B, incorporated herein by reference, for a period of four years beginning upon execution of this agreement.

ARTICLE II - SCOPE OF AGREEMENT

A. Scope of Responsibility - USNRC

1. The USNRC, in consideration for the technical benefits received by its participation in the NSRR program and receipt of information under this agreement, agrees to permit the JAERI to participate in the PBF program.
2. The USNRC agrees to provide the necessary personnel, materials equipment, and services in order that the PBF program may be carried out as described in Appendix A, as amended, subject to the availability of funds.
3. The USNRC agrees to permit the JAERI to assign one mutually agreed upon technical expert to the PBF program for participation in the conduct and analysis of program experiments.
4. In addition, the USNRC agrees to permit the JAERI to assign one technical expert as a consultant to the PBF programs review group which will periodically review the status of the present program and future program planning.
5. The USNRC agrees to grant the JAERI access, to the maximum extent authorized by the law of the United States, to all experimental data and results of analyses generated by the PBF program during the period of this agreement.
6. The USNRC agrees to provide the JAERI access to operational computer codes developed to analyze experimental data generated by the PBF program to the maximum extent permitted by the law of the

United States, except for proprietary codes and data, unless
authorized by the owner

7. The USNRC agrees to provide the JAERI access to all results obtained from USNRC's analysis of information and experimentation developed for the NSRR program during the period of this agreement, including computer codes used in such analyses.
8. The USNRC agrees to bear the total costs of transportation, living expenses and any other costs arising from its participation in the NSRR program under this agreement and the transport and related costs for apparatuses and other equipment furnished by the USNRC.

B. Scope of Responsibility - JAERI

1. The JAERI, in consideration for the technical benefits received by its participation in the PBF program and receipt of information under this agreement, agrees to permit the USNRC to participate in the NSRR program.
2. The JAERI agrees to provide the necessary personnel, materials, equipment, and services in order that the NSRR program may be carried out as described in Appendix B, as amended, subject to the availability of funds.
3. The JAERI agrees to permit the USNRC to assign one mutually agreed upon technical expert to the NSRR program for participation in the conduct and analysis of program experiments.

4. In addition, the JAERI agrees to permit the USNRC to assign one technical expert as a consultant to an NSRR program review group which would periodically review the status of the present program and future program planning.
5. The JAERI agrees to grant the USNRC access, to the maximum extent authorized by the law of Japan, to all experimental data and results of the analyses generated by the NSRR program during the period of this agreement.
6. The JAERI agrees to provide the USNRC access to operational computer codes developed to analyze experimental data generated by the NSRR program to the maximum extent permitted by the law of Japan, except for proprietary codes and data, unless authorized by the owner
7. The JAERI agrees to provide the USNRC access to all results obtained from JAERI's analyses of information and experimentation developed for the PBF program during the period of this agreement, including computer codes used in such analyses.
8. The JAERI agrees to bear the total costs of transportation, living expenses and any other costs arising from its participation in the PBF program under this agreement, and the transport and related costs for apparatuses and other equipment furnished by the JAERI.

ARTICLE III - PATENTS

- A. With respect to any invention or discovery made or conceived during the period of, and in the course of and under, this agreement for JAERI participation in the PBF program, the USNRC on behalf of the United States Government, as recipient party, and the JAERI as assigning party, and for USNRC participation in the NSRR program, the JAERI as recipient party, and the USNRC as assigning party, hereby agree that:
1. If made or conceived by personnel of one party (the assigning party) or its contractors while assigned to the other party (recipient party) or its contractors:
 - (a) The recipient party shall acquire all right, title, and interest in and to any such invention, discovery, patent application or patent in its own country and in third countries, subject to a non-exclusive, irrevocable, royalty-free license to the assigning party, with the right to grant sublicenses, under any such invention, discovery, patent application or patent for use in the production or utilization of special nuclear material or atomic energy; and
 - (b) The assigning party shall acquire all right, title, and interest in and to any such invention, discovery, patent application, or patent in its own country, subject to a non-exclusive, irrevocable, royalty-free license to the

recipient party, with the right to grant sublicenses, under any such invention, discovery, patent application or patent, for use in the production or utilization of special nuclear material or atomic energy

2. If made or conceived while in attendance at meetings or when employing information which has been communicated under this exchange arrangement by one party or its contractors to the other party or its contractors, the party making the invention shall acquire all right, title, and interest in and to any such invention, discovery, patent application or patent in all countries, subject to the grant to the other party of a royalty-free non-exclusive, irrevocable license, with the right to grant sublicenses, in and to any such invention, discovery, patent application, or patent, in all countries, for use in the production or utilization of special nuclear material or atomic energy
- B. Neither party shall discriminate against citizens of the country of the other party with respect to granting any license or sublicense under any invention pursuant to subparagraphs A.1 and A.2 above.
- C. Each party waives any and all claims against the other party for compensation, royalty or award as regards any such inventions or discovery, patent application, or patent, and releases the other party with respect to any and all such claims, including any claims under the provisions of the U.S. Atomic Energy Act

[¹]
of 1954, as amended, and the Japanese Laws concerning
Industrial Property Rights.

ARTICLE IV - WITHDRAWAL FROM AGREEMENT

A. Upon a decision by either USNRC or JAERI to withdraw from this agreement, the withdrawing party shall notify the other party of the intent to withdraw at least six months prior to the date of the withdrawal.

ARTICLE V - EXCHANGE OF SCIENTIFIC INFORMATION AND USE OF RESULTS OF PROGRAM

A. The USNRC and the JAERI agree that until approval is granted by the transmitting party for publication, the information, once transmitted, will be freely available to government authorities and organizations cooperating with the USNRC and the JAERI for their own use but not for publication. When required by administrative procedure in its own country, the USNRC and the JAERI may on its own responsibility disseminate or otherwise make use of information received.

B. The USNRC and the JAERI agree that the application or use of any information exchanged or transferred among them shall be the responsibility of the party receiving the information, and the transmitting party does not warrant the suitability of the information for any particular use or application.

¹ 88 Stat. 819; 42 U.S.C. § 2011 et seq.

FOR THE UNITED STATES
NUCLEAR REGULATORY COMMISSION

BY Edward A. Mason [1]
TITLE: Commissioner
DATE: March 9, 1976

FOR THE JAPAN ATOMIC ENERGY
RESEARCH INSTITUTE

BY 宗像英二 [2]
TITLE: President JAERI
DATE: March 9th 1976

¹ Edward A. Mason
² Eiji Munakata

APPENDIX A

THE POWER BURST FACILITY (PBF)

IDAHO FALLS, USA

The Facility.

The Power Burst Facility is a water cooled and moderated reactor contained in an open top steel vessel. The PBF is operated for the Energy Research and Development Administration (ERDA) and the Nuclear Regulatory Commission (NRC) by the Aerojet Nuclear Company (ANC)

The present reactor core is designed for both steady state operation (to 40 MW) and pulsed mode operation (to 1500 MWsec). A new reactor core interchangeable with the original core should be available sometime after late 1977. The new core is designed for steady state operation for testing large assemblies (clusters) of low enrichment irradiated or unirradiated fuel elements at high power densities

Table 1 describes the general facility characteristics and compares the test capabilities of the first and second PBF cores.

The PBF currently operates on a two shift basis, but 3 or 4 shift operation during the next few years is probable. At present, reactor tests are scheduled at 7 day to 30 day intervals, with 7 to 16 tests scheduled per 8-month operating year. Four months are allowed each year for reactor modification and maintenance.

The Test Train:

Fuel elements and fuel element assemblies to be tested, one to 25 fuel rods in the first core and one to 64 rods in the second core, are fitted into a test train, together with necessary test instrumentation.

The assembled test train is then fitted into a heavy walled vertical pressurizable cylindrical metal tube (the IPT) mounted concentric to the vertical axis of the reactor core and the containing vessel.

The in-pile tube head has six openings, permitting the active use of up to 100 pairs of instrumentation test leads. Typical test instrumentation includes inlet and/or exit flow meters (up to 5 per test), absolute and differential pressure transducers for monitoring fluid and fuel element plenum pressures, surface and internal thermocouples for monitoring fuel, clad, plenum and coolant temperatures, ultrasonic thermometers, linear variable differential transformer (deflection indicators), radiation flux monitor wires and foils and self-powered neutron detectors. Suitable instrumentation, signal conditioning equipment, and data accumulation and reduction equipment and services are available.

The Program:

The program for the four year period, June 1975 - June 1979, encompasses tests in each of the following areas. (a) Power-cooling mismatch (PCM), 9 reactor tests (FY76, early FY77), (b) Irradiation effects, 14 reactor tests (FY76, FY77), (c) Loss of Coolant Accident (LOCA), 11 to 18 reactor

tests, (late FY77, 78, 79), (d) Inlet Flow Blockage, 5 reactor tests (late FY77, 78), (e) Reactivity Initiated Accident (RIA), 7 to 18 reactor tests, (FY77-79), (f) Gap Conductance and PCM Parameters, 17 to 23 reactor tests, (FY76-79)

This program is subject to continuous review and selective modification as test results are evaluated and further behavior demonstration and model verification needs are identified. The overall PBF test program is based on balanced support of the following Fuel Behavior Branch, RES:RSR, NRC objectives.

1. In-reactor study of fuel properties
2. In-reactor study of fuel rod and fuel rod assembly properties
3. In-reactor study of fuel rod and fuel rod assembly behavior under accident conditions
4. Support of fuel element behavior model development
5. Support of fuel element behavior model evaluation

The several PBF test series are described in the Small Cluster Program Requirements Section of the WRSR Fuel Behavior Program Description prepared by the Systems Safety Research Division, Aerojet Nuclear Company. The test series descriptions may be summarized as follows.

- (a) Power-Cooling Mismatch Tests. These tests will study CHF and post-CHF fuel behavior of single rods (4 at a time) and 9 rod clusters under a variety of power and cooling conditions.

Coolant flow, stored energy, and test termination temperatures will be measured.

- (b) Irradiation Effects Tests. These tests will study the effects of irradiation and burnup on the thermal-mechanical properties of cladding materials and single fuel rods and the behavior of fuel rods at high power ratings. Post CHF cladding deformation will be one of the dependent test variables measured.
- (c) Loss of Coolant Tests: These tests will study fuel rod behavior, e.g., clad deformation and oxidation of multiple rod assemblies, under PWR loss of coolant conditions. Results will be correlated with ex-reactor tests. Parameters to be varied include irradiation history and cold internal pressures. Test loop modifications will provide heatup and blowdown capability late in the 4-year test period.
- (d) Inlet Flow Blockage Tests: These tests will study fuel rod behavior, e.g., clad temperature profiles of multiple rod assemblies under inlet flow blockage conditions. Blockages of 80% and greater will be investigated. Test loop modifications will be required for these tests.
- (e) Reactivity Initiated Accident Tests. These tests will study irradiated and unirradiated fuel rod behavior under rod drop and rod ejection conditions. Independent rod tests, cluster tests and model development/evaluation tests will be performed. The effects of irradiation, cluster size, coolant flow, and initial power level will be suited.

(f) Gap Conductance and PCM Parameter Tests: These tests will study gap conductance and fuel rod behavior of irradiated and unirradiated rods. Parameters to be varied include irradiation history, gap size, fill gas and pressure and pellet densities. Power oscillation (transfer function technique) and integral $k \cdot dt$ methods will be compared.

TABLE 1
PBF TEST CAPABILITIES

	<u>Core 1*</u>	<u>Core 2*</u>
<u>Test Space Size:</u>		
Diameter	15.5 cm	21.6 cm, target
Active length	91 cm	15.5 cm; minimum 91 cm (nominal)
<u>Test Coolant Flow Rate:</u>	0 - 3000 l/min	0 - 3000 l/min
<u>Coolant Pressure:</u>	0.3 - 15.6 MPa (154 atm, std)	0.3 - 15.6 MPa (154 atm, std)
<u>Coolant Temperature:</u>	Ambient - 34.3°C (650°F)	Ambient - 34.3°C (650°F)
<u>Test Power Density (max):</u>	a) 18 kw/ft in a 16 rod array of highly enriched 17 x 17 type PWR fuel rods	b) 21 kw/ft in a 36 rod array of irradiated (to 40,000 MWD/MIM) 17 x 17 type PWR fuel rods with maximum initial enrichments of 3.1 w/o b) 18 kw/ft in a 25 rod array of highly enriched BWR-6 type fuel rods
<u>Test Power Rate of Change:</u>		
Steady State	100%/min power increase 15%/sec power decrease	100%/min power increase 15%/sec power decrease
Pulse Mode	Periods as short as 1 msec - natural burst (to 1500 mw sec sloped burst)	

*Cores can be interchanged during annual shutdown period (60 - 120 days) [Footnote in the original]

APPENDIX B

THE NUCLEAR SAFETY RESEARCH REACTOR (NSRR)

TOKAI, JAPAN

1. The Facility.

The Nuclear Safety Research Reactor (NSRR) is a UZrH fueled, zirconium hydride and water moderated and water cooled annular core pulse reactor contained in an open top swimming pool, owned by the Japan Atomic Energy Research Institute (JAERI). The NSRR has a 23 cm diameter experimental hole in the center of the core, where the experiment (a capsule or a loop) can be accommodated. The maximum pulsing capability is described in Table 1. The maximum steady state power level is 300 KW.

2. The Experiment:

Test fuel elements, one to several rods, are fitted into a capsule or a loop, together with necessary test instrumentation.

The assembled experiment is then fitted into the aluminum and stainless steel walled experimental hole at the core center. The signals from the test instrumentation are recorded on a data acquisition and processing system which consists of an analogue data recorder and an electric computer.

There are two types of capsules. One is a so called 'atmospheric pressure capsule,' whose inside pressure and water temperature are an atmospheric pressure and ambient temperature.

Capsules of this type have been served for in-pile experiments since October, 1975.

The other one is a 'high pressure capsule,' whose internal pressure and water temperature are variable up to 150 kg/cm² and 320 C respectively

The loop is being so designed that the internal pressure, water temperature and water flow rate may be raised up to 150 kg/cm², 320 C and 5 m/sec respectively. The high pressure capsule and loop will be available for in-pile experiments in late 1976.

3. The Program:

The program for four year period from 1976 to 1979 will be devoted to the reactivity initiated accident (RIA) experiments, and consists of the following major three test items.

- (1) Preliminary Tests: These tests are intended to roughly survey the fuel rod behavior as a function of energy insertion and confirm the feasibility of test instrumentation as well as the reliability of capsules and loops. (approximately 20 tests in 1976 and 1977)
- (2) Fundamental Tests: These tests are intended to study the fuel rod behavior before failure, threshold energy and mechanism of either fuel failure or loss of integrity of fuel elements, fuel-coolant interaction, pressure generation mechanism, its mechanical effect and so forth.

These tests will be performed simulating, as closely as possible, the RIA conditions mainly from cold start-up and hot stand-by states in power reactors.

Hundreds of unirradiated BWR and PWR fuel rods will be used for these tests from 1976 to 1979. Furthermore, the experimental data will be utilized for verifying computer codes.

- (3) Parametric Tests: These tests are intended to study the sensitivity of various parameters pertaining to fuel elements to the fuel failure threshold energy, failure mechanism and post-failure phenomena.

The main parameters presently being considered are: clad material, heat treatment of the clad, hydrogen content in the clad, plenum gas composition, plenum gas pressure, fuel-clad gap width, pellet density, pellet shape and so forth.

Study on the failure threshold and post-failure behavior of water-logged fuel elements and of irradiated fuel elements will also be a significant item in these test series. Fuel burn-up will be simulated by using irradiated clad with unirradiated fuel pellets together with plenum gas having appropriate composition and pressure. Furthermore, the feasibility of applying actually irradiated fuel elements to the NSRR experiments is being examined.
(Approximately 400 tests from 1976 to 1979.)

Table 1 Maximum Pulsing Capability of NSRR

Maximum reactivity insertion	\$4.70 (3.43% Δk)
Peak reactor power	22,000 MW
Prompt energy release	106 MW-sec
Shortest reactor period	1.12 msec
Pulse width at half maximum power	4.3 msec

Example of estimated heat deposition in a test fuel rod by the maximum pulse:

210 cal/g·UO₂ for 2.6% enriched fuel

340 cal/g·UO₂ for 5.0% enriched fuel

450 cal/g·UO₂ for 10% enriched fuel

550 cal/g·UO₂ for 20% enriched fuel

HUNGARIAN PEOPLE'S REPUBLIC

Air Transport Services

*Agreement extending the agreement of May 30, 1972, as amended.
Effectuated by exchange of notes
Dated at Budapest May 24 and June 22, 1977;
Entered into force June 22, 1977.*

The American Embassy to the Hungarian Ministry of Foreign Affairs

No. 101

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Hungarian People's Republic and has the honor to refer to the Air Transport Agreement between the United States of America and the Hungarian People's Republic of May 30, 1972, as amended. [¹]

The United States Government believes that this agreement has been of mutual benefit and proposes that the agreement, as amended, be extended for a period of three years, through May 30, 1980.

The United States Government notes that the Government of the Hungarian People's Republic, by an exchange of notes in Budapest dated May 9 and 16, 1975, agreed that: Sales of air transportation for Hungarian currency on the worldwide services of the designated airline of the United States will be made by the airline of Hungary, acting as the general sales agent for the designated airline of the United States.

To the best of our knowledge and belief, the Hungarian airline has made no such sales for the U.S. designated airline out of Budapest during the nearly two years the latter has operated in Hungary. The United States Government wishes to remind the Government of the Hungarian People's Republic of this obligation and to request that in the future, the Hungarian airline, as agreed, endeavor to facilitate travel for persons wishing to use the U.S. designated airline.

¹ TIAS 7577, 8096; 24 UST 716; 26 UST 1083.

If the foregoing extension of the agreement is acceptable to your Government, the United States Government proposes that this note and your reply to that effect constitute an agreement between our governments extending the Air Transport Agreement, as amended, through May 30, 1980.

Embassy of the United States of America,
Budapest, May 24, 1977.

The Hungarian Ministry of Foreign Affairs to the American Embassy

A MAGYAR NÉPKÖZTARSASAG [¹]
KULUGYMINISZTERIUMA

2526-2/1977

The Ministry for Foreign Affairs of the Hungarian People's Republic presents its compliments to the Embassy of the United States of America and with reference to the Embassy's Note No. 101 of May 24, 1977, has the honour to communicate the following:

The appropriate authorities of the Hungarian People's Republic agree that the validity of the Air Transport Agreement between the Government of the Hungarian People's Republic and the Government of the United States of America signed in Washington on May 30, 1972 and came into force on the same day, and amended in Budapest by an exchange of notes dated May 9 and 16, 1975, be extended for a period of three years, i.e. through May 30, 1980 on the basis of the understanding contained in the above-said note of the American Party and in the present note.

The Ministry for Foreign Affairs of the Hungarian People's Republic avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest esteem and consideration.

Budapest, June 22, 1977

To the Embassy of the United States of America
B u d a p e s t

¹ In translation reads "The Hungarian People's Republic Ministry of Foreign Affairs"

BELGIUM

Passenger Charter Air Services

Agreement renewing and amending the memorandum of understanding of October 17, 1972, as extended.

Effectuated by exchange of letters

Signed at Brussels June 23 and 27, 1977;

Entered into force June 27, 1977;

Effective July 1, 1977.

The Belgian Minister of Communications to the American Ambassador

MINISTÈRE DES COMMUNICATIONS
ADMINISTRATION DE L'AÉRONAUTIQUE

WORLD TRADE CENTER
TOUR 1-8^e ÉTAGE
BOULEVARD E. JACQMAIN, 162

1000 BRUXELLES, LE *June 23, 1977*

EXCELLENCY,

I have the honour to refer to the Memorandum of Understanding between the United States of America and Belgium on Passenger Charter Air Services signed in Brussels on October 17, 1972,^[1] and to propose the following amendments thereto:

1. The Memorandum of Understanding between the United States of America and Belgium on Passenger Charter Air Services signed in Brussels on October 17, 1972, will reenter into effect on July 1, 1977, and shall remain in force until December 31, 1978, provided, however, that unless prior to October 1, 1978, either party has received written notice from the other party of the latter party's intention to allow the Understanding to expire, it shall remain in force for an additional two years beyond December 31, 1978.

2. The four existing references in the Understanding and its Annexes to the period from January 1, 1973, to or through December 31, 1975, shall be amended to apply to the period from the date of reentry into effect of the Understanding through the new expiration date (or extended expiration date) of the Understanding.

¹ TIAS 7479, 8265; 23 UST 2921; 27 UST 1584.

3. Paragraph 4 of the Understanding shall be amended to add:

(a) "pricing", between "regulation", and "operation";

(b) a second sentence to read, "In such discussions each party will provide the other party with the data necessary to attempt to resolve the difficulties".

(c) a footnote to read: "*The civil aviation authorities of each party may require the submission by carriers of rate and price information".

4. Paragraph 5 of Annex 1 to the Understanding shall be deleted and a new paragraph 5 substituted therefor, to read as follows: "5. Accept as charterworthy passenger charter air traffic originated in Belgium and organized and operated in conformity with the charterworthiness rules of the Belgian civil aviation authorities applicable to charter flights to the United States".

5. The words "limited and infrequent" shall be deleted from paragraph 6 of Annex 1 and from paragraph 3 of Annex 2.

6. The existing footnote to paragraph 1 of Annex 2 shall be deleted and a new footnote substituted therefor, to read as follows: "*The Belgian civil aviation authorities reserve the right to require the filing of a passenger list for each affinity charter group at least thirty days before the arrival of the flight".

Your written confirmation that the above amendments are acceptable to the United States will, upon its receipt, place the amendments into effect.

Yours sincerely,

The Minister of Communications,

J CHABERT

J. Chabert.

Her Excellency ANNE COX CHAMBERS
Ambassador of the United States
of America
Boulevard du Régent, 27
1000 Bruxelles

The American Ambassador to the Belgian Minister of Communications

BRUSSELS, BELGIUM, June 27, 1977

His Excellency

JOSEPH CHABERT

*Minister of Communications
Boulevard du Régent, 53
1000 Brussels*

DEAR MR. MINISTER:

I have the honor to refer to your letter of June 23, 1977, concerning the Memorandum of Understanding between the United States of America and Belgium on Passenger Charter Air Services signed in Brussels on October 17, 1972, which letter reads as follows:

"EXCELLENCY,

I have the honour to refer to the Memorandum of Understanding between the United States of America and Belgium on Passenger Charter Air Services signed in Brussels on October 17, 1972, and to propose the following amendments thereto:

1. The Memorandum of Understanding between the United States of America and Belgium on Passenger Charter Air Services signed in Brussels on October 17, 1972, will reenter into effect on July 1, 1977, and shall remain in force until December 31, 1978, provided, however, that unless prior to October 1, 1978, either party has received written notice from the other party of the latter party's intention to allow the Understanding to expire, it shall remain in force for an additional two years beyond December 31, 1978.

2. The four existing references in the Understanding and its Annexes to the period from January 1, 1973, to or through December 31, 1975, shall be amended to apply to the period from the date of reentry into effect of the Understanding through the new expiration date (or extended expiration date) of the Understanding.

3. Paragraph 4 of the Understanding shall be amended to add:

(a) "pricing", between "regulation", and "operation";

(b) a second sentence to read, "In such discussions each party will provide the other party with the data necessary to attempt to resolve the difficulties".

(c) a footnote to read: "The civil aviation authorities of each party may require the submission by carriers of rate and price information".

4. Paragraph 5 of Annex 1 to the Understanding shall be deleted and a new paragraph 5 substituted therefor, to read as follows:
"5. Accept as charterworthy passenger charter air traffic originated in Belgium and organized and operated in conformity with the

charterworthiness rules of the Belgian civil aviation authorities applicable to charter flights to the United States".

5. The words "limited and infrequent" shall be deleted from paragraph 6 of Annex 1 and from paragraph 3 of Annex 2.

6. The existing footnote to paragraph 1 of Annex 2 shall be deleted and a new footnote substituted therefor, to read as follows: "The Belgian civil aviation authorities reserve the right to require the filing of a passenger list for each affinity charter group at least thirty days before the arrival of the flight".

Your written confirmation that the above amendments are acceptable to the United States will, upon its receipt, place the amendments into effect.

Yours sincerely,

The Minister of Communications

J. CHABERT"

I have the honor to confirm that the proposals contained in your letter are acceptable to my Government, and to confirm that your letter together with this reply shall constitute an agreement renewing and amending the said Understanding.

Sincerely,

ANNE COX CHAMBERS

Anne Cox Chambers
American Ambassador

UNION OF SOVIET SOCIALIST REPUBLICS

Scientific and Technical Cooperation

Agreement extending the agreement of May 24, 1972.

Effectuated by exchange of notes

Dated at Washington May 24, 1977;

Entered into force May 24, 1977.

The Secretary of State to the Soviet Chargé d'Affaires ad interim

The Secretary of State presents his compliments to the Charge d'Affaires ad interim of the Union of Soviet Socialist Republics and refers to the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on Cooperation in the Fields of Science and Technology, signed in Moscow on May 24, 1972.^[1]

It is proposed that the above agreement, which expires May 24, 1977, be extended on an interim basis pending the signing of a new agreement for cooperation in the Fields of Science and Technology at the Fifth Joint Commission meeting scheduled to be held in Washington at the beginning of July 1977. If this proposal is acceptable to the Government of the Union of Soviet Socialist Republics, this note and the Charge's note in reply will constitute an agreement to this effect.

DEPARTMENT OF STATE,
WASHINGTON, May 24, 1977

^[1] TIAS 7346; 23 UST 856.

The Soviet Chargé d'Affaires ad interim to the Secretary of State

ПОСОЛЬСТВО
СОЮЗА СОВЕТСКИХ
СОЦИАЛИСТИЧЕСКИХ РЕСПУБЛИК

№ 30

Временный поверенный в делах Союза Советских Социалистических Республик свидетельствует свое уважение Государственному Секретарю Соединенных Штатов Америки и подтверждает получение его ноты от 24 мая 1977 года, в которой говорится ниже следующее:

"Государственный Секретарь свидетельствует свое уважение Временному Поверенному в Дела Союза Советских Социалистических Республик и обращается по поводу Соглашения между Правительством Соединенных Штатов Америки и Правительством Союза Советских Социалистических Республик о сотрудничестве в области науки и техники, подписанного в Москве 24 мая 1972 года. Настоящим предлагается, чтобы упомянутое выше Соглашение, срок действия которого истекает 24 мая 1977 года, было продлено на временной основе до подписания нового соглашения о сотрудничестве в области науки и техники в период пятого заседания Совместной комиссии, которое состоится в Вашингтоне в начале июля 1977 года. Если это предложение приемлемо для Союза Советских Социалистических Республик, то данная нота и ответная нота Временного Поверенного в Делах составят соглашение на этот счет".

ГОСУДАРСТВЕННЫЙ ДЕПАРТАМЕНТ
СОЕДИНЕННЫХ ШТАТОВ АМЕРИКИ

г. Вашингтон

Временный поверенный в делах Союза Советских Социалистических Республик сообщает Государственному Секретарю, что Правительство Союза Советских Социалистических Республик согласно с вышеизложенным предложением.

"24" мая 1977 г., г. Вашингтон

TRANSLATION

EMBASSY OF THE UNION OF
SOVIET SOCIALIST REPUBLICS

The Charge d'Affaires ad interim of the Union of Soviet Socialist
Republics presents his compliments to the Secretary of State of the
United States of America and acknowledges the receipt of his note of
May 24, 1977, which reads as follows:

[For the English language text, see p. 5191.]

The Charge d'Affaires ad interim of the Union of Soviet Socialist
Republics informs the Secretary of State of the United States of America
that the Government of the Union of Soviet Socialist Republics agrees to
the proposal set forth above.

Washington, D.C., May 24, 1977.

Department of State
of the United States of America,
Washington, D.C.

UNION OF SOVIET SOCIALIST REPUBLICS
Scientific and Technical Cooperation

*Agreement signed at Washington July 8, 1977;
Entered into force July 8, 1977.*

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
ON COOPERATION IN THE FIELDS OF SCIENCE AND TECHNOLOGY

The Government of the United States of America and the
Government of the Union of Soviet Socialist Republics,
Noting that the Agreement between the Government of the United
States of America and the Government of the Union of Soviet Socialist
Republics on Cooperation in the fields of Science and Technology,
signed in Moscow on May 24, 1972, had a validity of five years
and was extended on an interim basis by an exchange of notes in
Washington on May 24, 1977; [¹]

Recognizing that cooperation carried out in various fields
between scientific and technical organizations of the two countries
brings mutual benefits and useful practical results;

Noting with satisfaction the progress made in the course
of mutually agreed activities carried out in accordance with the
aforementioned Agreement;

Desiring to continue in the future cooperation in various
fields of science and technology;

Taking into consideration that such cooperation will serve
to strengthen friendly relations between the two countries;

And in accordance with the general agreement between the
United States of America and the Union of Soviet Socialist
Republics on contacts, exchanges, and cooperation signed June 19,
1973; [²]

Have agreed as follows:

¹ TIAS 7346, 8619; 23 UST 856; 28 UST 5191.

² TIAS 7649; 24 UST 1395.

ARTICLE 1

Both Parties pledge themselves to assist and develop scientific and technical cooperation between both countries on the basis of mutual benefit, equality and reciprocity.

ARTICLE 2

The main objective of this cooperation is to provide broad opportunities for both Parties to combine the efforts of their scientists and specialists in working on major problems, whose solution will promote the progress of science and technology for the benefit of both countries and of mankind.

ARTICLE 3

The forms of cooperation in science and technology may include the following:

- a. Exchange of scientists and specialists;
- b. Exchange of scientific and technical information and documentation;
- c. Joint development and implementation of programs and projects in the fields of basic and applied sciences;
- d. Joint research, development and testing, and exchange of research results and experience between scientific research institutions and organizations;
- e. Organization of joint courses, conferences and symposia;
- f. Rendering of help, as appropriate, on both sides in establishing contacts and arrangements between United States firms and Soviet enterprises where a mutual interest develops; and
- g. Other forms of scientific and technical cooperation as may be mutually agreed.

ARTICLE 4

1. Pursuant to the aims of this Agreement, both Parties will, as appropriate, encourage and facilitate the establishment and development of direct contacts and cooperation between agencies, organizations and firms of both countries and the conclusion, as appropriate, of implementing agreements for particular cooperative activities engaged in under this Agreement.

2. Such agreements between agencies, organizations and enterprises will be concluded in accordance with the laws of both countries. Such agreements may cover the subjects of cooperation, organizations engaged in the implementation of projects and programs, the procedures which should be followed, and any other appropriate details.

ARTICLE 5

Unless otherwise provided in an implementing agreement, each Party or participating agency, organization or enterprise shall bear the costs of its participation and that of its personnel in cooperative activities engaged in under this Agreement, in accordance with existing laws in both countries.

ARTICLE 6

Nothing in this Agreement shall be interpreted to prejudice other agreements in the fields of science and technology concluded between the Parties.

ARTICLE 7

1. For the implementation of this Agreement there shall be established a U.S.-U.S.S.R. Joint Commission on Scientific and Technical Cooperation. The Commission shall consist of United States and Soviet parts, of which the chairmen and members shall be designated by the respective Parties. The Commission shall meet, as a rule, once a year in the United States and the Soviet Union alternately. The Commission shall adopt regulations for its operation.

2. The Commission shall consider proposals for the development of cooperation in specific areas; prepare suggestions and recommendations, as appropriate, for the two Parties; develop and approve measures and programs for implementation of this Agreement; designate, as appropriate, the agencies, organizations or enterprises responsible for carrying out cooperative activities; and seek to assure their proper implementation.

3. To carry out its functions, the Commission may create temporary or permanent joint subcommittees, councils or working groups.

4. During the period between meetings of the Commission additions or amendments may be made to already approved cooperative activities, as may be mutually agreed.

5. The Executive Agent for this Agreement shall be for the United States of America the Office of Science and Technology Policy and for the Union of Soviet Socialist Republics the State Committee of the U.S.S.R. Council of Ministers for Science and Technology. The Executive Agents will encourage and facilitate cooperation in the fields of science and technology carried out under other U.S.-U.S.S.R. intergovernmental agreements.

ARTICLE 8

1. This Agreement shall enter into force upon signature and shall remain in force for five years. It may be modified or extended by mutual agreement of the Parties.

2. The termination of this Agreement shall not affect the validity of agreements made hereunder between agencies, organizations and enterprises of both countries.

DONE at Washington this 8th day of July, 1977, in duplicate, in the English and Russian languages, both equally authentic.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

Frank Press [1]

Science Adviser
to the President

FOR THE GOVERNMENT OF THE UNION
OF SOVIET SOCIALIST REPUBLICS:

Kirillin [2]

Chairman of the State
Committee of the U.S.S.R.
Council of Ministers for
Science and Technology

¹ Frank Press
² V. A. Kirillin

СОГЛАШЕНИЕ

между Правительством Соединенных Штатов Америки и
Правительством Союза Советских Социалистических Республик
о сотрудничестве в области науки и техники

Правительство Соединенных Штатов Америки и Правительство
Союза Советских Социалистических Республик,

отмечая, что Соглашение между Правительством Соединенных
Штатов Америки и Правительством Союза Советских Социалистиче-
ских Республик о сотрудничестве в области науки и техники было
подписано в Москве 24 мая 1972 года сроком на пять лет и было
продлено на временной основе путем обмена нотами в Вашингтоне
24 мая 1977 года,

признавая, что сотрудничество, осуществляющееся в различных
областях между научными и техническими организациями обеих
стран, приносит взаимную выгоду и полезные практические ре-
зультаты,

с удовлетворением отмечая прогресс, достигнутый в осуще-
ствлении взаимно согласованных мероприятий, проводившихся в
соответствии с упомянутым Соглашением,

желая продолжать в будущем сотрудничество в различных
областях науки и техники,

принимая во внимание, что такое сотрудничество будет слу-
жить укреплению дружественных отношений между двумя странами, и
в соответствии с Общим Соглашением между Соединенными
Штатами Америки и Союзом Советских Социалистических Республик
о контактах, обменах и сотрудничестве от 19 июня 1973 года,
согласились о нижеследующем:

Статья I

Обе Стороны обязуются оказывать содействие и развивать
научно-техническое сотрудничество между двумя странами на
основе обойдной выгоды, равноправия и взаимности.

Статья 2

Основной целью этого сотрудничества является предостав-
ление обеим Сторонам широких возможностей для объединения
усилий своих ученых и специалистов в разработке важнейших
проблем, решение которых будет способствовать прогрессу науки
и техники на благо обеих стран и всего человечества.

Статья 3

Научно-техническое сотрудничество может осуществляться в следующих формах:

- а) обмен учеными и специалистами;
- б) обмен научно-технической информацией и документацией;
- в) совместная разработка и осуществление программ и проектов в области фундаментальных и прикладных наук;
- г) совместные исследования, разработки и испытания и обмен результатами исследований и опытом между научно-исследовательскими институтами и организациями;
- е) организация совместных курсов, конференций и семинаров;
- ж) оказание соответствующей помощи с обеих сторон в установлении контактов и достижении договоренностей между американскими фирмами и советскими предприятиями в случае проявления взаимного интереса; и
- з) другие формы научно-технического сотрудничества, которые будут взаимно согласованы.

Статья 4

1. Исходя из целей настоящего Соглашения, обе Стороны будут соответствующим образом поощрять и способствовать у становлению и развитию прямых контактов и сотрудничества между учреждениями, организациями и фирмами обеих стран и заключению соответствующих рабочих соглашений для выполнения конкретных совместных работ, проводимых в соответствии с настоящим Соглашением.

2. Такие соглашения между учреждениями, организациями и предприятиями будут заключаться в соответствии с законами обеих стран. Такие соглашения могут предусматривать тематику сотрудничества, организации, занятые в осуществлении проектов и программ, порядок, которого следует придерживаться, и любые другие соответствующие детали.

Статья 5

Если в рабочем соглашении не будет содержаться иных положений, то каждая Сторона или участвующее учреждение, организация или предприятие будут нести расходы по своему участию или участию своего персонала в совместных работах, проводимых на основе данного Соглашения, в соответствии с законами, существующими в обеих странах.

Статья 6

Ничто в этом Соглашении не будет толковаться в ущерб другим соглашениям в области науки и техники, заключенным между Сторонами.

Статья 7

1. Для выполнения настоящего Соглашения будет создана Смешанная Американо-Советская Комиссия по научно-техническому сотрудничеству. Комиссия будет состоять из американской и советской частей, председатели и члены которых будут назначаться соответствующими Сторонами. Заседания Комиссии будут проводиться, как правило, один раз в год в США и СССР попеременно. Комиссия примет правила для своей деятельности.

2. Комиссия будет рассматривать предложения по развитию сотрудничества в конкретных областях; подготавливать соответствующие предложения и рекомендации для двух Сторон; разрабатывать и утверждать мероприятия и программы для осуществления настоящего Соглашения; соответствующим образом определять учреждения, организации и предприятия, ответственные за осуществление совместных работ, и добиваться их надлежащего выполнения.

3. Для осуществления своих функций Комиссия может создавать временные или постоянные смешанные подкомиссии, советы или рабочие группы.

4. В период между заседаниями Комиссии в уже одобренные совместные мероприятия по взаимному согласию Сторон могут вноситься дополнения или изменения.

5. Исполнительными организациями по настоящему Соглашению будут: для Соединенных Штатов Америки — Отдел по научной и технической политике и для Союза Советских Социалистических Республик — Государственный комитет Совета Министров СССР по науке и технике. Исполнительные организации будут поощрять и способствовать сотрудничеству в области науки и техники, осуществляющемуся в рамках других американо-советских межправительственных соглашений.

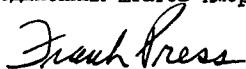
Статья 8

1. Настоящее Соглашение вступает в силу в день его подписания и будет действовать в течение пяти лет. Оно может быть изменено и продлено по взаимному согласию Сторон.

2. Прекращение действия настоящего Соглашения не будет затрагивать действия соглашений, заключенных в соответствии с настоящим Соглашением между учреждениями, организациями и предприятиями обеих стран.

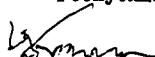
Совершено 8 июля 1977 года в городе Вашингтоне в двух экземплярах, каждый на английском и русском языках, причем оба текста имеют одинаковую силу.

За Правительство
Соединенных Штатов Америки



Советник Президента США
по науке и технике

За Правительство
Союза Советских Социалистических
Республик



Председатель Государственного
комитета Совета Министров СССР
по науке и технике

IRAN
Criminal Investigations

*Agreement signed at Washington June 14, 1977;
Entered into force June 14, 1977.*

AGREEMENT ON PROCEDURES FOR MUTUAL ASSISTANCE
BETWEEN THE UNITED STATES DEPARTMENT OF JUSTICE
AND THE MINISTRY OF JUSTICE OF IRAN IN
CONNECTION WITH MATTERS RELATING TO THE LOCK-
HEED AIRCRAFT CORPORATION, GRUMMAN CORPORATION
AND NORTHRUP CORPORATION

The United States Department of Justice and the Ministry of Justice of Iran, hereinafter referred to as "the parties", confirm the following procedures in regard to mutual assistance to be rendered to agencies with law enforcement responsibilities in their respective countries with respect to alleged illicit acts pertaining to the sales activities in Iran of the Lockheed Aircraft Corporation, Grumman Corporation and Northrop Corporation and their subsidiaries or affiliates:

1. All requests for assistance shall be communicated between the parties through the diplomatic channel, unless otherwise agreed.
2. Upon request, the parties shall use their best efforts to make available to each other relevant and material information, such as statements, depositions, documents, business records, correspondence or other materials, available to them concerning alleged illicit acts pertaining to the sales activities in Iran of the Lockheed Aircraft Corporation, Grumman Corporation and Northrop Corporation and their subsidiaries or affiliates.
3. Such information shall be used exclusively for purposes of investigation conducted by agencies with law enforcement responsibilities and in ensuing criminal, civil and administrative proceedings, hereinafter referred to as "legal proceedings".

4. Except as provided in paragraph 5, all such information made available by the parties pursuant to these procedures, and all correspondence between the parties relating to such information and to the implementation of these procedures, shall be kept confidential and shall not be disclosed to third parties or to government agencies having no law enforcement responsibilities. Disclosure to other agencies having law enforcement responsibilities shall be conditioned on the recipient agency's acceptance of the terms set forth herein.

In the event of breach of confidentiality, the other party may discontinue cooperation under these procedures.

5. Information made available pursuant to these procedures may be used freely in ensuing legal proceedings in the requesting state in which an agency having law enforcement responsibilities is a party, and the parties shall use their best efforts to furnish the information for purposes of such legal proceedings in such form as to render it admissible pursuant to the rules of evidence in existence in the requesting state, including, but not limited to, certifications, authentications, and such other assistance as may be necessary to provide the foundation for the admissibility of evidence.

6. The parties shall give advance notice and afford an opportunity for consultation prior to the use, within the meaning of paragraph 5, of any information made available pursuant to these procedures.

7. The parties shall use their best efforts to assist in the expeditious execution of letters rogatory issued by the judicial authorities in connection with any legal proceedings which may ensue in their respective countries.

8. The assistance to be rendered to a requesting state shall not be required to extend to such acts as might result in the immunization of any person from prosecution in the requested state.

9. All assistance by a requested state will be performed subject to all limitations imposed by its domestic law. Execution of a request for assistance may be postponed, denied, or made subject to conditions to be agreed upon, if execution would interfere with an ongoing investigation or legal proceeding in the requested state.

10. Nothing contained herein shall limit the rights of the parties to utilize for any purpose information obtained independently of these procedures.

11. The mutual assistance to be rendered by the parties pursuant to these procedures is designed solely for the benefit of their respective agencies having law

enforcement responsibilities, and is not intended to benefit third parties or to affect the admissibility of evidence under the laws of either the United States or Iran.

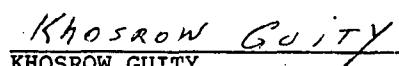
12. An extension of the Agreement to similar cases where investigations are conducted or contemplated by both the United States Department of Justice and by the Ministry of Justice of Iran could be accomplished by an exchange of letters between the parties.

Done at Washington, D. C., this 14th day of June, 1977,
in two originals.

For the United States
Department of Justice:


JOHN C. KEENEY
Deputy Assistant Attorney
General

For the Ministry of Justice
of Iran:


KHOSROW GUILTY
Undersecretary of the Ministry
of Justice

THAILAND
Economic and Technical Cooperation

*Agreement signed at Bangkok June 2, 1977;
Entered into force June 2, 1977.
With exchange of notes.*

**ECONOMIC AND TECHNICAL COOPERATION AGREEMENT
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE KINGDOM OF THAILAND**

The Government of the United States of America and the Government of the Kingdom of Thailand,

Having in mind the friendly relations existing between the two countries and their peoples,

Desiring to enhance those relations, and to develop their economic and scientific relations,

Considering their common interest in cultivating and encouraging the economic and technical development of their respective countries, and

Recognizing the benefits to be derived by both countries from closer economic and technical cooperation,

Have agreed as follows:

ARTICLE I

The Contracting Parties shall endeavour to cooperate and to assist each other in economic and technical matters. On the basis of and within the framework of this Agreement, further arrangements will be concluded between the two Governments regarding individual projects and programmes.

ARTICLE II

On the basis of arrangements to be concluded under Article I of this Agreement, the Government of the United States of America shall endeavour to assist the Government of the Kingdom of Thailand, subject to mutual agreement, in development activities, projects and programmes in priority areas.

ARTICLE III

On the basis of the arrangements to be concluded under Article I of this Agreement, the Government of the Kingdom of Thailand shall, as specified in a separate arrangement, provide support for the operation of development activities, projects and programmes.

ARTICLE IV

The two Governments shall also cooperate in the training of third-country nationals in the Kingdom of Thailand in accordance with arrangements to be mutually agreed upon by the parties concerned.

ARTICLE V

With respect to experts and technicians who, not being nationals of or normally resident in Thailand, are assisting in the implementation of arrangements under Article I of this Agreement, the Government of the Kingdom of Thailand shall:

- 1) permit such personnel, as well as their spouses and children, to enter, leave and sojourn in the country for the duration of their assignment in Thailand, and exempt them from alien registration requirements;
- 2) levy no taxes or other fiscal charges on any emoluments or allowances paid to such personnel for their services in connection with the individual projects or programmes established under Article I of this Agreement;
- 3) permit such personnel to import, free from duties and taxes, household goods and personal effects, including one motor vehicle per expert or technician, within six months of their initial arrival to take up their posts in connection with the implementation of a project or programme. Such goods shall be subject to payment of local customs duties and taxes if they are subsequently sold or transferred within Thailand to individuals or organizations not entitled to exemption from such duties and taxes or similar privileges. A separate arrangement will be made to define items of household goods and personal effects;
- 4) grant such personnel certain facilities regarding the import of medicaments, foodstuffs, beverages and other consumable goods within the limit of their personal and household requirements as specified in a separate arrangement;
- 5) issue to such personnel an identification document which will ensure that appropriate authorities will accord necessary facilities to them in the performance of their functions.

ARTICLE VI

The responsibilities of the Government of the United States of America under this Agreement will be discharged by the Diplomatic Mission of the United States of America in Thailand. The two Governments will cooperate fully in the implementation of this Agreement,

including the provision of facilities necessary for the observation and review of the carrying out of the projects and programmes, as well as the use of assistance furnished under it.

ARTICLE VII

1. This Agreement shall enter into force on the date of signature. Thereupon it shall replace and terminate the Economic and Technical Cooperation Agreement signed at Bangkok on September 19, 1950, [¹] except that the provisions relating to the special account established pursuant to Section I of the Annex to that Agreement shall remain in effect for a period of not more than ninety days after the signing of this Agreement, during which period there shall be a final accounting and settlement of that account.

2. This Agreement shall remain in force for five years and thereafter until ninety days after the receipt by one Contracting Party of notice from the other that it wishes to terminate the Agreement. The notice of termination shall be transmitted through the diplomatic channel.

3. All projects and programmes which have started prior to the termination of this Agreement shall, after the termination thereof, remain subject to its provisions until the completion of the said projects and programmes.

Done at Bangkok in duplicate, in the Thai and English languages, both texts being equally authentic, on this second day of June of the Twenty-five hundred and twentieth Year of the Buddhist Era, corresponding to the Nineteen hundred and seventy-seventh Year of the Christian Era.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

CHARLES S. WHITEHOUSE

(Charles S. Whitehouse)
*Ambassador Extraordinary
and Plenipotentiary
of the United States of America*

FOR THE GOVERNMENT OF
THE KINGDOM OF THAILAND

U. PACHARIYANGKUN

(Upadit Pachariyangkun)
*Minister of Foreign Affairs
of the Kingdom of
Thailand*

[SEAL]

¹ TIAS 2170, 2304; 1 UST 915; 2 UST 1613.

ความตกลงว่าด้วยความร่วมมือทาง เศรษฐกิจและวิชาการ

๙๘๖

រូបាសេងស្រួលមិក

กับ

รัฐบุนเดสแห่งราชอาณาจักรไทย

* * * * *

รัฐบาลแห่งสหราชอาณาจักร ได้รับการยินยอมจากสหภาพแรงงานในสหราชอาณาจักร ให้ดำเนินการตามที่ระบุไว้ในข้อตกลงดังนี้

คำนึงถึงความลับของเรื่องราวทางประเพณี สองและประวัติศาสตร์

ประรภณานี้จะเพิ่มความสัมพันธ์เหล่านี้ และที่จะพัฒนาความสัมพันธ์ทาง

ເກ្រaziកិច្ចនៃវិទ្យាការគ្រប់ទំនាក់ទំនង

พิจารณาถึงผลประโยชน์รวมกันของคนในการ เสิร์ฟสุขภาพและส่ง เศรษฐกิจ

พัฒนาการงาน เศรษฐกิจ และวิชาการของประเทศไทยในความล้ำทัน และ

บัญรับนับถือในหมู่พระโยชน์ที่ประทัดหั้งสองจะได้รับจากความรุ่มนิอ

ที่ได้กล่าวขึ้นในหัวเรื่องนี้

ໄກ້ຄົກລົງກັນກົງຕ່ວໄປນີ້

۷۰

ภาควิชานักสังคีตฯ พยายามร่วมมือและช่วยเหลือช่างกันและกันในเรื่อง เศรษฐกิจ และวิชาการ ข้อกลงครอ.ฯ ไป จะให้หัวขันระหว่างรัฐบาลหังสอยเกี่ยวกับโครงการและกิจกรรมการเป็นรายๆ น้อยๆ งานและภาระในกรอบแห่งความตกลงนี้

୧୮

บัญชีงานแห่งหอคดังที่จะให้ขึ้นกานน์ขอ ของความคดลงนี้ รัฐบาลแห่งสหรัฐอเมริกาจะพยายามช่วยเหลือรัฐบาลแห่งราชอาณาจักรไทยในกิจกรรม โครงการและกิจกรรมการในพื้นที่ความลับกันความสำคัญภัย ให้ความคดลงนี้ รวมกัน

१२५

บัญชีฐานแห่งข้อกล่าวที่จะได้ทำขึ้นตามข้อ ๔ ของความตกลงนี้ รัฐบาลแห่งราชอาณาจักรไทยจะให้การสนับสนุนในการดำเนินงานเกี่ยวกับกิจกรรม โทรทัศน์และกิจกรรมการวิเคราะห์แนวการทันที ให้ระบบไว้ในข้อกลงดังที่หาก

۱۲

รัฐบาลหังศองจะร่วมมือกันในการป้องกันภัยธรรมชาติของประเทศไทย
ในราชอาณาจักรไทยตามข้อคิดเห็นที่ได้ให้ก็อย่างร่วมกันโดยยุติสุดท้าย

୧୮

ในส่วนที่เกี่ยวกับผู้เชี่ยวชาญและนักวิชาการที่มีใช้เป็นคนมาตรฐานของประเทศไทย
หรือใช้เป็นมาตรฐานที่อยู่ตามปกติในประเทศไทยซึ่งช่วยเหลือในการทำให้เกิดความ
ชัดเจนของกฎหมาย ของความคิดเห็น รับทราบแห่งราชอาณาจักรไทยจะ

๖. ไม่เรียกเก็บภาษีหรือค่าธรรมเนียมภารกรอื่นใดจากเงินเก็บหรือเบี้ยเสียง
ไก ๆ ที่ได้จ่ายให้แก่คนบุคคล เน้นว่ามันส่วนรับบริการของคนบุคคลนั้นเกี่ยวสัมภ์ไปทางการ
หรือภาระของการเบี้ยราย ๆ ที่ต้องหักห้ามตามข้อ ๑ ของความตกลงนั้น

๓. อนุญาตให้คณบุคคลเข่นวันนั้นของใช้ในครัวเรือนและของใช้ส่วนตัว เช่นมาเก็ตไก่ปีกอกรากะภานี รวมทั้งรับยกเว้นที่มีค่าห้อมูลเชื่ยวชาญหนึ่งคนหรือผู้ชำนาญการ หนึ่งคนภายในห้องเก็บน้ำมันแล้วที่บุคคลเข่นวันนั้นไม่มากถึงเป็นครึ่งแรงเพื่อค่าว่างท่าแห่ง เก็บวันการค้าเงินการให้เม้มผลตามนี้ทรงการหรือกำหนดการ ลินค้าเข่นวันจะถืออยู่ในพยัคฆ์แห่งการซาระภานีคุลการและภานีอันในห้องเดิน ถวายสักการเจ้าท่านได้ภายในห้องโถง ในภายหลังภายในบะเหงในปีให้แก่เอกชนหรือลงคัดริชั่นนี้มีไว้รับผิดชอบแทนจากนายกร และภานีเข่นวันนั้น หรือวินได้รับเอกสารใดที่ในห้องของเดียวัน ข้อกลุมก่างหากจะได้ทำกัน เพื่อค่าว่างรายการของ เครื่องใช้ในครัวเรือนและของใช้ส่วนตัว

๔. ให้ความลักษณะงบประมาณบุคลากรเขียนวันนี้เกี่ยวกับการนำอาหาร เครื่องดื่ม และเครื่องของบริโภคที่ เช่นมาสายในช่วงเช้าของความต้องการ สำหรับส่วนตัวและสำหรับครัวเรือนของคณบุคคล เขียนวันนี้ก่อนที่ได้ระบุไว้ในขอคอกลง ทางหาก

๕. ออกเอกสารประจำทักษิณแก่คบคุก เช่นวันนี้มีจะปีรากันว่า
เจ้าหน้าที่เมืองสมะให้ความสะดวกที่จะเป็นแก่คบคุกคนนั้นในการปฏิบัติหน้าที่ของตน

۱۰۸

การบริจาคมรับผิดชอบของรัฐบาลแห่งสหราชอาณาจักรเมืองวิกาอย่างไรก็ตามคงจะ
จะได้ปฏิบัติโดยระมัดระวังทางการทุกของสหราชอาณาจักรในประเทศไทย รัฐบาลทั้งสอง
จะร่วมมือกันอย่างเต็มที่ในการดำเนินการให้เป็นผลตามความตกลงนี้ รวมทั้งการให้
ความสำคัญที่จะเป็นเพื่อการสังเกตและตรวจสอบการปฏิบัติหน้าที่ของรัฐบาลไทย
ตลอดจนการใช้ประโยชน์จากความช่วยเหลือที่ได้รับจากสหราชอาณาจักร

୩୦

๔. ความตกลงนี้จะมีผลใช้มังคบในวันที่ลงนาม หลังจากนั้นความตกลงนี้จะใช้แทนและนำให้ความตกลงว่าด้วยหัวเรื่องใดหัวเรื่องใดทาง เกษตรศึกษาและทาง เทคโนโลยีลงนาม ณ กรุงเทพฯ เมื่อวันที่ ๑๕ กันยายน พ.ศ. ๒๕๘๐ ถ้าสุดลัง เว็บแทบทะมูดที่เกี่ยวข้อง มูลนิธิแห่งที่ให้ท่านชื่อนามชื่อ ขอประกาศยกเว้น ความตกลงนี้จะยังคงมีผลใช้มังคบเป็นระยะเวลาไม่เกินเจ็ดวันแล้วจึงจากการลงนามความตกลงนี้ ไม่ว่าระหว่างระยะเวลาเท่าไรแม้จะ ต้องมีการทวนตัวซึ่งเป็นครั้งสุดท้ายและจะคงมีการชำระรับผิดชอบ

๔. ความก่อจงใจของมีผลให้มีคุณไม่เวลาทักษิปและหลังจากนั้นจะเสื่อม เก็บสิ่งที่วัน
ภายหลังที่ภารกิจคุ้มครองอยู่อย่างหนึ่ง ให้วันแจ้งจากภารกิจคุ้มครองอยู่อย่างหนึ่งว่ามีความประสงค์จะเลิก
ความคงกล้ม การแจ้งการยกเลิกความคงกล้มจะต้องส่งหนังสือทางการหนึ่ง

๓. หลังจากความคุกคามนี้ได้สิ้นสุดลง โครงการและก้าวหน้าการทั้งปวงซึ่งได้รับข้อก่อการล้มลุกแห่งความลักษณะนี้จะยังคงอยู่ในมังคุมแห่งมั่นคงต่อไป ความคุกคามชนกว่าโครงการและก้าวหน้าการดังกล่าวจะได้รับสมรรถนะ

ท่าที่กรุงเทพฯ คืนเมื่อสองัญม เป็นภาษาไทยและภาษาอังกฤษ ทั้งที่
สองเป็นใช้เป็นหลักฐานได้เท่าเทียมกัน ณ วันที่สอง เดือนมิถุนายน พุทธศักราช
สองพันห้าร้อยสิบ ทรงยกคริสต์ศักราชหนึ่งพันเก้าร้อยเจ็ดสิบเจ็ด

นายรัฐบาลแห่ง

นายรัฐบาลแห่ง

สหรัฐอเมริกา

ราชอาณาจักรไทย

Charles S. Whitman *พระบรมราชโลงสมุด*

(ชาร์ลส์ เอส. ไวท์เวย์)

(อุตติศร ปารวิษยังคุณ)

เอกอัครราชทูตค้าสานสัมภ์อย่างราบรื่น

รัฐมนตรีว่าการกระทรวงการกลางประเทศไทย

แห่งสหรัฐอเมริกา

แห่งราชอาณาจักรไทย

[EXCHANGE OF NOTES]

No. 362

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Royal Thai Government and, with reference to the Economic and Technical Cooperation Agreement signed today between the Government of the United States of America and the Government of the Kingdom of Thailand, has the honour to confirm the understanding reached between the two Governments as follows:

1. Career civil servants of the United States Government, who, not being nationals of or normally resident in Thailand, are entrusted with functions related to the assistance projects and programmes under that Agreement shall, upon their approval by the Thai Government, be accorded such privileges and immunities as are granted to other members of the administrative and technical staff of the United States Diplomatic Mission in Thailand.

2. The number of such career civil servants shall, at least once a year, be subject to review by designated representatives of the two Governments in the light of the actual personnel requirement that may exist during a particular period of the assistance programme.

EMBASSY OF THE UNITED STATES OF AMERICA,
BANGKOK, June 2, 1977.

No. 0502/27969

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and, with reference to the Economic and Technical Cooperation Agreement signed today between the Government of the Kingdom of Thailand and the Government of the United States of America, has the honour to confirm the understanding reached between the two Governments as follows:

1. Career civil servants of the United States Government, who, not being nationals of or normally resident in Thailand, are entrusted with functions related to the assistance projects and programmes under that Agreement shall, upon their approval by the Thai Government, be accorded such privileges and immunities as are granted to other members of the administrative and technical staff of the United States Diplomatic Mission in Thailand.

2. The number of such career civil servants shall, at least once a year, be subject to review by designated representatives of the two Governments in the light of the actual personnel requirement that may exist during a particular period of the assistance programme.



THE EMBASSY OF THE UNITED STATES OF AMERICA,
BANGKOK.

VENEZUELA
Criminal Investigations

*Agreement signed at Washington May 31, 1977;
Entered into force May 31, 1977.*

(5219)

TIAS 8623

AGREEMENT ON PROCEDURES FOR MUTUAL ASSISTANCE
BETWEEN THE UNITED STATES DEPARTMENT OF JUSTICE
AND THE MINISTRY OF JUSTICE OF VENEZUELA IN
CONNECTION WITH THE BOEING COMPANY MATTER

The United States Department of Justice and the Ministry of Justice of Venezuela, hereinafter referred to as "the parties", confirm the following procedures in regard to mutual assistance to be rendered to agencies with law enforcement responsibilities in their respective countries with respect to alleged illicit acts pertaining to the sales activities in Venezuela of The Boeing Company and its subsidiaries or affiliates:

1. All requests for assistance shall be communicated between the parties through the diplomatic channel.
2. Upon request, the parties shall use their best efforts to make available to each other relevant and material information, such as statements, depositions, documents, business records, correspondence or other materials, available to them concerning alleged illicit acts pertaining to the sales activities in Venezuela of The Boeing Company and its subsidiaries or affiliates.
3. Such information shall be used exclusively for purposes of investigation conducted by agencies with law enforcement responsibilities and in ensuing criminal, civil and administrative proceedings, hereinafter referred to as "legal proceedings".

4. Except as provided in paragraph 5, all such information made available by the parties pursuant to these procedures, and all correspondence between the parties relating to such information and to the implementation of these procedures, shall be kept confidential and shall not be disclosed to third parties or to government agencies having no law enforcement responsibilities. Disclosure to other agencies having law enforcement responsibilities shall be conditioned on the recipient agency's acceptance of the terms set forth herein.

In the event of breach of confidentiality, the other party may discontinue cooperation under these procedures.

5. Information made available pursuant to these procedures may be used freely in ensuing legal proceedings in the requesting state in which an agency having law enforcement responsibilities is a party, and the parties shall use their best efforts to furnish the information for purposes of such legal proceedings in such form as to render it admissible pursuant to the rules of evidence in existence in the requesting state, including, but not limited to, certifications, authentications, and such other assistance as may be necessary to provide the foundation for the admissibility of evidence.

6. The parties shall give advance notice and afford an opportunity for consultation prior to the use, within the meaning of paragraph 5, of any information made available pursuant to these procedures.

7. The parties shall use their best efforts to assist in the expeditious execution of letters rogatory issued by the judicial authorities in connection with any legal proceedings which may ensue in their respective countries.

8. The assistance to be rendered to the Ministry of Justice of Venezuela by the United States Department of Justice shall not be required to extend to such acts as might result in the immunization of any person from prosecution in the United States.

9. All assistance by a requested state will be performed subject to all limitations imposed by its domestic law. Execution of a request for assistance may be postponed, denied, or made subject to conditions to be agreed upon, if execution would interfere with an ongoing investigation or legal proceeding in the requested state.

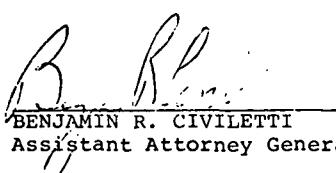
10. Nothing contained herein shall limit the rights of the parties to utilize for any purpose information obtained independently of these procedures.

11. The mutual assistance to be rendered by the parties pursuant to these procedures is designed solely for the benefit of their respective agencies having law

enforcement responsibilities, and is not intended to benefit third parties or to affect the admissibility of evidence under the laws of either the United States or Venezuela.

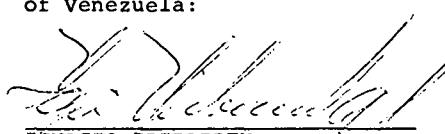
Done at Washington, D. C., this 31st day of May, 1977, in two texts in duplicate, in the English and Spanish languages, each version being equally authentic.

For the United States
Department of Justice:



BENJAMIN R. CIVILETTI
Assistant Attorney General

For the Ministry of Justice
of Venezuela:



IGNACIO TRIBARREN
Ambassador of Venezuela

ACUERDO DE PROCEDIMIENTO PARA AYUDA MUTUA
ENTRE EL DEPARTAMENTO DE JUSTICIA DE LOS ESTADOS
UNIDOS DE AMERICA Y EL MINISTERIO DE JUSTICIA DE
VENEZUELA EN RELACION CON "THE BOEING COMPANY"

El Departamento de Justicia de los Estados Unidos de América y el Ministerio de Justicia de Venezuela denominados en adelante "las partes", establecen las reglas siguientes para regular la asistencia mutua que habrán de prestarse a los órganos de la Administración de Justicia de sus respectivos países, con referencia a los presuntos hechos ilícitos relacionados con las operaciones de ventas realizadas en Venezuela por la empresa "The Boeing Company" y sus subsidiarias o afiliadas.

1. Todas las solicitudes de ayuda entre las partes serán cursadas por vía diplomática.

2. A requerimiento de cualesquiera de las partes, éstas pondrán todos los medios para facilitarse la información necesaria, tal como balances, declaraciones, documentos, libros y archivos de la Compañía, correspondencia y cualquiera otra documentación que obre en su poder con referencia a los supuestos hechos ilícitos relacionados con las operaciones de ventas en Venezuela por la empresa "The Boeing Company" y sus subsidiarias o afiliadas.

3. Dichas informaciones sólo se utilizarán por ambas partes con el exclusivo fin de facilitar la investigación que puedan llevar a cabo los órganos de la Administración

6. Las partes notificarán con antelación permitiendo la oportunidad de celebrar consultas antes de utilizar, en el sentido del párrafo 5, cualquier información que se haya proporcionado conforme a estos procedimientos.

7. Las partes desplegarán la actividad necesaria para la rápida ejecución de comisiones rogatorias acordadas por las Autoridades Judiciales en relación con los procedimientos judiciales incoados en los países respectivos.

8. La asistencia prestada al Ministerio de Justicia de Venezuela por el Departamento de Justicia no debe extenderse a actividades susceptibles de provocar situaciones de inmunidad que impidan que una persona sea procesada en los Estados Unidos.

9. Toda la asistencia prestada por el Estado requerido estará sujeta a las limitaciones impuestas por el ordenamiento jurídico nacional. La ejecución de una petición de ayuda podrá ser aplazada, denegada o sometida a las condiciones que se acuerden, si dificulta una investigación determinada o un sumario en curso.

10. Lo dispuesto en el presente Acuerdo no limitará los derechos de las partes a utilizar, con cualquier finalidad, las informaciones obtenidas por medios distintos de los establecidos en este Acuerdo.

11. La ayuda mutua prestada por las partes en relación con este Acuerdo de procedimiento está dirigida al beneficio exclusivo de sus respectivos órganos de la Administración de Justicia y no tiene por objeto beneficiar a terceros, sin que afecte tampoco a la admisión de pruebas según la legislación de Venezuela y Estados Unidos respectivamente.

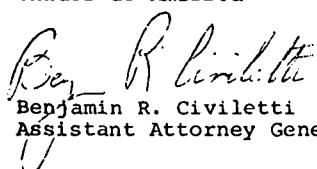
de Justicia en procedimientos penales, civiles y administrativos que se designarán, de ahora en adelante, como "procedimientos legales".

4. Las informaciones proporcionadas relativas a estos procedimientos legales, excepto aquéllas a que se refiere el párrafo 5 del presente Acuerdo, así como la correspondencia de cualquier clase entre las partes relacionada con tales informaciones y con la aplicación de dichos procedimientos, se considerarán secretas, no pudiendo en ningún caso comunicarse a terceros, incluidos los Organismos Gubernativos que no ejerzan funciones de Administración de Justicia. Las comunicaciones de estas informaciones a otros Organismos integrados en la Administración de Justicia quedarán condicionadas a la aceptación, por parte del Organismo receptor, de las reglas que aquí se establecen. En caso de ruptura del secreto de las informaciones suministradas, la otra parte quedará en libertad de interrumpir la colaboración establecida por estas reglas.

5. Las informaciones proporcionadas de conformidad con las presentes reglas podrán ser utilizadas libremente en los procedimientos incoados en el estado solicitante en los que intervenga algún órgano de su Administración de Justicia, y las partes procurarán facilitarse dichas informaciones para ser utilizadas en tales procesos de forma que sean válidas de acuerdo con las reglas de admisión de pruebas en vigor en el estado receptor incluyendo, pero sin excluir otros medios, certificados, legalizaciones y cualquier otro trámite que se requiera para la admisión de la prueba.

Hecho en Washington el 31 de mayo de 1977 en dos ejemplos en lengua inglesa y española, siendo ambos textos igualmente válidos.

Por el Departamento de
Justicia de los Estados
Unidos de América


Benjamin R. Civiletti
Assistant Attorney General

Por el Ministerio de
Justicia de Venezuela


Ignacio Iribarren
Embajador de Venezuela

SOCIALIST REPUBLIC OF ROMANIA
Economic, Industrial and Technical Cooperation

*Agreement signed at Bucharest November 21, 1976;
Entered into force May 5, 1977.*

LONG TERM AGREEMENT ON ECONOMIC,
INDUSTRIAL AND TECHNICAL COOPERATION BETWEEN
THE UNITED STATES OF AMERICA AND
THE SOCIALIST REPUBLIC OF ROMANIA

The Government of the United States of America and the Socialist Republic of Romania;

Noting with satisfaction the favorable development of economic relations between the two countries;

Resolved to promote economic, industrial and technical cooperation between the two countries on the basis of the principles of international law, respect for national independence and sovereignty, equality of rights, non-interference in domestic affairs and mutual advantage;

Taking into account the characteristics and economic potential of the two countries, and their respective levels of economic development;

Desiring to ensure continuous expansion and diversification of economic, industrial and technical cooperation and provision of information to facilitate such cooperation;

Wishing to enlarge upon the provisions of the Joint Statement of Economic, Industrial and Technological Cooperation between the United States of America and the Socialist Republic of Romania, of December 5, 1973, and taking into consideration the provisions of the Agreement on Trade Relations Between the United States of America and the Socialist Republic of Romania of April 2, 1975,^[1]

^[1] TIAS 8159; 26 UST 2305, 2342.

Determined to promote in their relations the objectives
of the Final Act of the Conference on Security and Cooperation
^[1]
in Europe, and to give full effect to all of its provisions,
including those relating to economic, scientific and technolo-
gical cooperation; and

Considering that expansion and development of cooperation
between firms, companies and economic organizations of the
United States of America and the Socialist Republic of Romania
will serve positively the interests of the two countries
and peoples;

Have agreed as follows:

¹ *Department of State Bulletin*, Sept. 1, 1975, p. 323.

Article I

1. The Parties shall take all appropriate steps to facilitate economic, industrial and technical cooperation between firms, companies and economic organizations, including those of small and medium size, in keeping with applicable laws and regulations in the two countries.

2. The Parties shall endeavor that firms, companies and economic organizations of one country and their representatives residing in or visiting the other country for purposes related to this Agreement will enjoy suitable operating conditions, including access to facilities required for the expeditious conduct of their business, in accordance with applicable laws and regulations.

3. Goods produced under cooperation arrangements in the territory of one Party shall, when imported into the territory of the other Party, be treated in accordance with the relevant provisions of the Agreement on Trade Relations of April 2, 1975, for the period those provisions remain applicable, or as otherwise provided by applicable laws and regulations.

4. Neither Party shall take unreasonable measures that would impair the contractual or other rights legally acquired within its territory, of nationals, firms, companies or economic organizations of the other Party.

5. Except for a public purpose, assets belonging to nationals, companies and economic organizations of one of the two countries will not be expropriated by the other country, nor will they be expropriated without the payment of prompt, adequate and effective compensation.

6. Each Party agrees to facilitate to the maximum extent possible in accordance with its legislation all travel of persons engaged in activities consonant with the objectives of this Agreement.

Article II

1. Cooperation activities shall be based on contractual arrangements between firms, companies and economic organizations in the two countries, in accordance with the laws and regulations in force in both countries. Such contracts will generally be concluded on terms customary in international practice, and may provide for sharing and transfer of benefits, participation in management and procedures to protect the resources committed by each partner in cooperation arrangements including joint companies. General principles for the development and operation of cooperation activities are set forth in Annex I to this Agreement.

2. Such cooperation activities may include:

-- joint participation in the construction of new industrial facilities and the expansion and modernization of existing facilities in both countries;

-- joint participation, including the formation of joint companies, by firms, companies and economic organizations of the two Parties, in producing and marketing goods and services;

-- purchase, sale and leasing of machinery and equipment;

-- purchase and sale of industrial and agricultural materials and consumer goods;

-- purchase, sale, license or commercial exchange of patent rights, technical information, or know-how, as well as

provision of technical services, including training and exchange of specialists and technicians, all in accordance with laws, regulations and procedures assuring that such arrangements are to the mutual advantage of both Parties;

-- establishing and operation of offices and representations of firms, companies and economic organizations in the two countries;

-- purchase and sale of services, including full and equitable participation by firms, companies and economic organizations of the two Parties in banking, insurance, including marine and air cargo insurance, and other financial services; and

-- other cooperation activities and forms which may be mutually agreed between participants in the two countries.

3. Each Party shall arrive at export licensing decisions as expeditiously as is feasible under its established administrative procedures and in conformity with its laws, regulations and international undertakings.

4. The two Parties shall, as appropriate, facilitate cooperation between firms, companies or economic organizations of the two countries in third markets.

5. With a view to encouraging the development of banking services in support of economic, industrial and technical cooperation, each Party shall, where possible, facilitate the establishment and operation in its territory of banking institutions by firms, companies or economic organizations of the other Party in association with domestic firms, companies or economic organizations or individually.

6. All financial transactions shall be made in United States dollars or any other freely convertible currency mutually

agreed upon by nationals, firms, companies and economic organizations, unless they otherwise agree.

7. The Parties agree to encourage and facilitate accelerated negotiations between firms, companies and economic organizations of the two countries, so that cooperation projects may be implemented as expeditiously as possible, and possibilities for discussion of new areas of cooperation may be enhanced.

8. The sectors mentioned in Annex II have been identified as areas of particular interest for the development of economic, industrial and technical cooperation between firms, companies and economic organizations of the two countries.

Article III

1. The Parties shall take all appropriate steps to facilitate conclusion of contracts regarding cooperation activity between firms, companies and economic organizations of the two countries.

2. The two Parties shall grant to equipment, materials and components imported temporarily for purposes related to contracts regarding cooperation activity the same exemptions from customs duties, and other taxes and restrictions, that are granted to like equipment, materials and components from any other country, to the extent permitted by their laws and regulations.

3. Taking into consideration the importance of financing for the development of economic, industrial and technical cooperation; the particular characteristics of each case; and the laws, regulations and international undertakings of each country; the Parties agree that such financing as may be extended by them should enjoy conditions as favorable as possible.

Article IV

In order to assist firms, companies and economic organizations in determining the fields and projects most likely to provide a basis for mutually beneficial contracts, each Party, in accordance with its laws, regulations and procedures, shall, as appropriate, make available upon request by nationals, firms, companies and economic organizations of the other Party, or by the other Party, economic, commercial and statistical information useful for the development of market forecasts and the expansion of economic, industrial and technical cooperation. Such information shall include, but not be limited to:

- All statistical data regarding production, national income, budget, consumption, productivity, foreign trade and transfer of technology, necessary to accomplish the objectives of this Agreement.

- Other information necessary for adequate evaluation of projects for cooperation, including information concerning laws, regulations and administrative procedures. Such information may relate, inter alia, to domestic commerce and foreign trade, including transfer of technology; to compensation of labor; and to banking and finance including the rates of exchange applicable to goods and services required for cooperation activities.

- Current lists, directories and descriptions of firms, companies and economic organizations concerned with foreign trade, as well as other information helpful in making commercial contacts, including periodic catalogs and promotional materials of such firms, companies and economic organizations.

TIAS 8624

Article V

1. The Joint American-Romanian Economic Commission, established pursuant to the Joint Statement on Economic, Industrial and Technological Cooperation of December 5, 1973, shall monitor implementation of this Agreement.

2. In this respect the responsibilities of the Joint American-Romanian Economic Commission are as follows:

- to examine periodically the development of economic, industrial, and technical cooperation between the two countries;

- to facilitate the expansion and diversification of economic, industrial, and technical cooperation between the two countries on the basis of mutual benefit, and to identify new areas for such cooperation;

- to provide for the regular exchange of views and information on the development of economic, industrial and technical cooperation and on the reciprocal extension of business facilities; and

- to consider other matters related to implementation of this Agreement.

3. The Commission may establish temporary working groups in various areas as necessary for purposes related to this Agreement.

4. The Commission may facilitate the establishment of joint consultative groups consisting of representatives of firms, companies, and economic organizations of the two countries on matters of particular interest related to this Agreement.

Article VI

The provisions of this Agreement shall not be construed to impair the rights and obligations of the Parties arising from other agreements or understandings.

Termination of this Agreement shall not affect the validity of contracts or understandings, in force on the date of termination of the Agreement, between nationals, firms, companies, and economic organizations of the two countries, or entered into by either Party.^[1]

Article VII

This Agreement shall enter into force on the date on which both Parties have received written notice of its approval by the other Party.

This Agreement shall remain in force for ten years. Thereafter it shall be automatically extended for successive periods of one year, provided that either Party may terminate it at the end of the initial ten-year period or of any successive one-year period by giving six months' written notice to the other Party.

¹ May 5, 1977.

IN WITNESS WHEREOF, the authorized representatives of the
Parties have signed this Agreement.

DONE at *Bucharest* on *November 21, 1976* in two
original copies, in the English and Romanian languages, both
texts being equally authentic.



FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF
THE SOCIALIST REPUBLIC OF ROMANIA:

¹ Elliot L. Richardson
² Patan

Annex I

The Parties recognize the desirability of general principles for the development and operation of cooperation activities, as enumerated in Article II of this Agreement, in which nationals, firms, companies and economic organizations of one Party may participate in the territory of the other. Therefore, the Parties recommend the following principles, subject to laws and regulations in force in the territory of the Party where such cooperation activities take place.

1. Such nationals, firms, companies and economic organizations of a Party, consistent with applicable laws, regulations, and agreements between the Parties, should have the right:

A. To be free to transfer abroad, without discriminatory restrictions and fees, and under the conditions stipulated between the participants, net proceeds, and the value of capital participation, of rights resulting from distribution of assets upon dissolution, and of all other rights to which they are entitled, after payment of fees, taxes, contributions to social insurance and satisfaction of other legal and contractual obligations;

B. To verify compliance with all contractual obligations;

C. To include in the contracts of cooperation measures to facilitate hiring and compensation of necessary local staff for implementation of obligations resulting from cooperation projects, in accordance with laws and regulations in force in the two countries;

D. To purchase installations, equipment and materials necessary for cooperation activities from domestic or foreign sources according to competitive criteria;

E. To have access to services and facilities necessary for the conduct of business which is no less favorable than that accorded to firms, companies and economic organizations of any third country;

F. To contact and work with officials and appropriate technical personnel of firms, companies and economic organizations of the other Party engaged in cooperation activities, including, as necessary, suppliers of services, supplies and components for cooperation activities, and users of goods produced through such cooperation activities;

G. To enjoy rights and facilities no less than those accorded to representations under the provisions of Annex 2(I) of the Agreement on Trade Relations of April 2, 1975, between the two Parties; and

H. To exercise other rights, and carry out obligations agreed upon between participants in the two countries in their contracts.

2. The Parties recommend that firms, companies and economic organizations give consideration to the use of conciliation procedures established by the Joint U.S.-Romanian Economic Council. The Parties further recommend the adoption of arbitration under the rules of arbitration of the International Chamber of Commerce in Paris for the settlement of disputes between participants in cooperation activities. Such arbitration should take place in a country other than the United States of America or the Socialist Republic of Romania that is a party to the Convention for the

Recognition and Enforcement of Foreign Arbitral Awards of
[1]
New York of June 10, 1958. Participants may mutually agree
on any other form or place for the settlement of disputes.

3. The Parties agree that informal government-to-government consultations regarding specific proposals for major cooperation projects between firms, companies or economic organizations of the two Parties, or major investments by firms, companies or economic organizations of one Party in the territory of the other Party, would contribute to achievement of the objectives of this Agreement. Such consultations should take place at the request of either Party prior to conclusion of arrangements for such activities.

4. The Parties also recommend the following general principles for the establishment and operation of joint companies in the territory of one Party, involving capital participation by firms, companies and economic organizations of the other Party. Such joint companies should have the right to hire and compensate directly employees, other than those engaged in management, in conformity with applicable laws and regulations, at rates similar to those predominant domestically in firms, companies or economic organizations engaged in similar activities. Firms, companies and economic organizations participating in such joint companies should have the right, subject to laws and regulations in force in the territory of the Party where the joint company is established:

A. To share in profits in proportion to capital participation in the joint company;

B. To share, in proportion to their capital participation, in assets resulting from termination and dissolution of the joint company;

¹ TIAS 6997; 21 UST 2517.

C. To transfer for value all or part of the rights arising from capital participation, as provided in applicable laws and regulations, and in conformity with the legal instruments establishing the joint company;

D. To examine and verify, upon request, the status of the company's property and books of account, in conformity with the legal instruments establishing the joint company;

E. To participate in management or to be represented in management in equitable proportion to their capital participation in the joint company in accordance with applicable laws and regulations;

F. To limit their liability for the obligations of the joint company to the value of their capital participation;

G. To enter into arrangements for management of the joint company which will assure that management has full powers, consistent with laws and regulations in force, to direct and organize production, sales and other activities of the joint company; and

H. To exercise other rights and to carry out other obligations agreed upon by participants in the joint company, in conformity with the legal instruments establishing the joint company.

5. The Parties recommend that disputes between one Party and a national, firm, company or economic organization of the other Party which arise out of an investment be submitted for conciliation or arbitration as provided by the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States.^[1]

¹ TIAS 6090; 17 UST 1270.

Annex II

In accordance with Article II, paragraph 8 of this Agreement, the following sectors have been identified as areas of particular interest for the development of economic, industrial and technical cooperation between the firms, companies and economic organizations of the two countries:

- machine building industry;
- electrical and electronic industries;
- aviation industry;
- chemical and petrochemical industry;
- petroleum industry;
- mining industry;
- construction materials industry;
- light industry;
- food industry;
- telecommunications;
- computers and data processing;
- agriculture;
- banking.

ACORD PE TERMEN LUNG

de cooperare economică, industrială și tehnică
între Statele Unite ale Americii și Republica
Socialistă România

Guvernul Statelor Unite ale Americii și Guvernul Republi-
cii Socialiste România.

Luând act cu satisfacție de dezvoltarea favorabilă a rela-
țiilor economice dintre cele două țări,

Hotărîte să promoveze cooperare economică, industrială și
tehnică între cele două țări, pe baza principiilor dreptului inter-
național ale respectării independenței și suveranității naționale,
egalității în drepturi, neamestecului în treburile interne și avan-
tajului reciproc,

Tinînd seama de caracteristicile și potențialul economic al
celor două țări și de stadiul diferit al dezvoltării lor economice,

Dorind să asigure extinderea continuă și diversificarea co-
operării economice, industriale și tehnice și furnizarea de informa-
ții care să faciliteze o astfel de cooperare,

Dorind să dezvolte prevederile Declarației comune privind
cooperarea economică, industrială și tehnologică dintre Statele Unite
ale Americii și Republica Socialistă România, din 5 decembrie 1973
și tinînd seama de prevederile Acordului privind relațiile comerciale
între Statele Unite ale Americii și Republica Socialistă România,
din 2 aprilie 1975,

Hotărîte să promoveze în relațiile lor obiectivele Actului
Final al Conferinței pentru Securitate și Cooperare în Europa și să
dea efect deplin tuturor prevederilor acestuia, inclusiv celor re-
feritoare la cooperarea economică, științifică și tehnică,

Considerind că extinderea și dezvoltarea cooperării între firme, întreprinderi și organizații economice din Statele Unite ale Americii și Republica Socialistă România vor servi interesele ambelor țări și popoare,

Au convenit următoarele :

Articolul 1

1. Părțile vor lua toate măsurile corespunzătoare pentru a facilita cooperarea economică, industrială și tehnică între firmele, întreprinderile și organizațiile economice, inclusiv cele mici și mijlocii, cu respectarea legilor și reglementărilor aplicabile în cele două țări.

2. Părțile se vor strădui să asigure ca firmele, întreprinderile și organizațiile economice ale uneia din țări și reprezentanții acestora cu reședință în sau în vizită în cealaltă țară, în scopuri legate de acest Acord, să aibă condiții corespunzătoare de lucru, inclusiv acces la facilitățile ce se cer pentru realizarea expedativă a afacerilor lor, cu respectarea legilor și reglementărilor aplicabile.

3. Mărfurile produse prin aranjamente de cooperare pe teritoriul uneia din Părți, cînd sunt importate pe teritoriul celeilalte Părți, vor fi tratate în conformitate cu prevederile respective ale Acordului privind relațiile comerciale din 2 aprilie 1975, pe perioada cît acele prevederi rămîn aplicabile, sau altfel prevăzut de legile și reglementările aplicabile.

4. Nici una din Părți nu va lua măsuri nerezonabile care ar afecta drepturile contractuale și alte drepturi dobîndite în mod legal pe teritoriul său de cetătenii, firmele, întreprinderile și organizațiile economice ale celeilalte Părți.

5. Cu excepția unor scopuri de utilitate publică, bunurile aparținînd cetătenilor, companiilor și organizațiilor economice ale unei țări, nu vor fi expropriate de cealaltă țară și nici nu vor fi expropriate fără plata unei compensații prompte, adecvate și efective.

6. Fiecare Parte este de acord să faciliteze, în cea mai mare măsură posibilă, în conformitate cu legislația sa, toate călătoriile persoanelor angajate în activități conforme obiectivelor acestui Acord.

Articolul 2

1. Acțiunile de cooperare se vor realiza pe bază de înțelegeri contractuale între firmele, întreprinderile și organizațiile economice din cele două țări, în conformitate cu legile și reglementările în vigoare în ambele țări. Astfel de contracte se vor încheia, în general, în condițiile uzitate în practica internațională și se pot referi la distribuiri și transferuri de beneficii, participări la administrație și proceduri de protejare a resurselor angajate, de fiecare partener, în aranjamentele de cooperare, inclusiv în societăți mixte.

Principiile generale pentru dezvoltarea și desfășurarea activităților de cooperare sunt enumerate în anexa 1 la acest Acord.

2. Astfel de acțiuni de cooperare pot include :

- participarea în comun la construirea de noi unități industriale și extinderea și modernizarea celor existente în ambele țări ;

- participarea în comun, inclusiv prin constituirea de societăți mixte, a firmelor, întreprinderilor și organizațiilor economice ale celor două Părți, în producerea și comercializarea de bunuri și servicii ;

- cumpărarea, vînzarea și închirierea de mașini și utilaje ;

- cumpărarea și vînzarea de materiale industriale, agricole și bunuri de consum ;

- cumpărarea, vînzarea, licențierea sau schimburi comerciale de drepturi de brevete, informații tehnice sau know-how, precum și oferirea de servicii tehnice, inclusiv pregătirea și schimbul de specialiști și tehnicieni - toate în conformitate cu legile, reglementările și procedurile, asigurând că astfel de aranjamente sunt reciproc avantajoase ;

- stabilirea și funcționarea de oficii și reprezentanțe ale firmelor, întreprinderilor și organizațiilor economice din cele două țări ;
- cumpărarea și vînzarea de servicii, inclusiv participarea integrală și echitabilă a firmelor, întreprinderilor și organizațiilor economice ale ambelor Părți în operațiuni bancare; asigurări, inclusiv asigurări maritime și aeriene; alte servicii financiare ;
- alte activități și forme de cooperare care pot fi convenite reciproc între participanții din cele două țări.

3. Fiecare Parte va ajunge la decizii privind licențele de export, cît mai operativ posibil, în cadrul procedurilor sale administrative stabilită și în conformitate cu legile, reglementările și înțelegările sale internaționale.

4. Cele două Părți vor facilita, în mod corespunzător, cooperarea dintre firmele, întreprinderile și organizațiile economice din cele două țări pe terțe piețe.

5. În scopul încurajării dezvoltării serviciilor bancare pentru sprijinirea cooperării economice, industriale și tehnice, fiecare Parte va facilita, unde este posibil, constituirea și funcționarea pe teritoriul său de instituții bancare de către firme, întreprinderi și organizații economice ale celeilalte Părți, în asociere cu întreprinderile și organizațiile economice locale sau individual .

6. Toate tranzacțiile financiare se vor efectua în dolari SUA sau orice alte valute liber convertibile, convenite reciproc de către cetățeni, firme, întreprinderi și organizații economice, dacă nu au convenit altfel.

7. Părțile convin să încurajeze și să faciliteze accelerarea negocierilor între firme, întreprinderi și organizații economice din cele două țări, astfel ca acțiunile de cooperare să poată fi realizate în termene cît mai scurt posibile și să se mărească posibilitățile pentru examinarea de noi domenii de cooperare.

8. Sectoarele menționate în anexa 2 au fost identificate ca fiind domenii de interes deosebit pentru dezvoltarea cooperării economice, industriale și tehnice între firmele, întreprinderile și organizațiile economice din cele două țări.

Articolul 3

1. Părțile vor lua toate măsurile corespunzătoare care să faciliteze încheierea de contracte pentru activități de cooperare între firme, întreprinderi și organizații economice din cele două țări.

2. Cele două Părți vor acorda utilajelor, materialelor și componentelor importate temporar pentru scopuri ce rezultă din contracte privind activitatea de cooperare, aceleasi scutiri de taxele vamale și alte taxe și restricții care sunt acordate utilajelor, materialelor și componentelor similare din oricare altă țară, în limitele permise de legile și reglementările în vigoare.

3. Luând în considerare importanța finanțării pentru dezvoltarea cooperării economice, industriale și tehnice ; caracteristicile specifice ale fiecărui caz ; legile, reglementările și înțelegerile internaționale ale fiecărei țări ; Părțile sunt de acord că asamenea finanțări, care vor fi acordate de ele, trebuie să se bucură de condițiile cele mai favorabile posibil.

Articolul 4

1. În scopul sprijinirii firmelor, întreprinderilor și organizațiilor economice, în stabilirea domeniilor și acțiunilor cu cele mai mari posibilități să asigure o bază pentru contracte reciproc avantajoase, fiecare Parte, în conformitate cu legile, reglementările și procedurile sale, de la caz la caz, va furniza la cererea persoanelor, firmelor, întreprinderilor și organizațiilor economice ale celeilalte Părți sau la cererea celeilalte Părți, informații economice, comerciale și statistice utile pentru elaborarea previziunilor de piață și dezvoltării cooperării economice, industriale și tehnice.

Astfel de informații vor include, dar nu se vor limita la :

- Toate datele statistice referitoare la producție, venit național, buget, consum, productivitate, comerț exterior și transferul de tehnologie, necesare pentru realizarea obiectivelor acestui Acord.

- Alte informații necesare evaluarea adecvată a proiectelor de cooperare, inclusiv informații privind legi, reglementări și proceduri administrative. Astfel de informații se pot referi între altele la comerț interior și exterior, inclusiv transfer de tehnologie, retribuția muncii și activități bancare și financiare, inclusiv cursurile de schimb aplicabile bunurilor și serviciilor necesare activităților de cooperare.

- Liste curente, repertore și descrieri ale firmelor, întreprinderilor și organizațiilor interesate în comerțul exterior, precum și alte informații folosite pentru stabilirea de contacte comerciale, inclusiv cataloage periodice și materiale de promovare ale unor astfel de firme, întreprinderi și organizații economice.

Articolul 5

1. Comisia economică mixtă americană-română, înființată în conformitate cu Declarația comună privind cooperarea economică, industrială și tehnică din 5 decembrie 1973, va urmări punerea în practică a acestui Acord.

2. În acest scop, atribuțiile Comisiei economice mixte americano-române sunt următoarele :

- să examineze periodic dezvoltarea cooperării economice, industriale și tehnice dintre cele două țări ;

- să faciliteze extinderea și diversificarea cooperării economice, industriale și tehnice între cele două țări, pe bază de avantaj reciproc și să identifice noi domenii de cooperare;

- să efectueze cu regularitate un schimb de păreri și informații cu privire la dezvoltarea cooperării economice, industriale și tehnice și la extinderea reciprocă a facilităților de afaceri,

și

- să examineze alte probleme legate de aplicarea acestui Acord.

3. Comisia poate constitui grupe temporare de lucru în diverse domenii în care apar necesare, pentru scopuri referitoare la prezentul Acord.

4. Comisia mixtă poate facilita constituirea de grupe mixte consultative, compuse din reprezentanții firmelor, între-

prinderilor și organizațiilor economice din cele două țări, în probleme de interes special referitoare la acest Acord.

Articolul 6

Prevederile acestui Acord nu vor afecta drepturile și obligațiile Părților decurgând din alte acorduri sau înțelegeri.

Încetarea valabilității acestui Acord nu va afecta valabilitatea contractelor sau înțelegerilor în vigoare la data închirii acestui Acord între persoane, firme, întreprinderi și organizații economice ale celor două țări sau încheiate între cele două Părți.

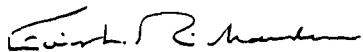
Articolul 7

Acest Acord va intra în vigoare la data la care ambele Părți au primit notificarea scrisă asupra aprobării lui de către cealaltă Parte.

Acest Acord va rămâne în vigoare 10 ani. După aceasta, va fi extins automat pe perioade succesive de un an, dacă nici una din Părți nu îl denunță la sfîrșitul perioadei de 10 ani, sau al oricărei perioade succesive de un an, printr-o notificare scrisă către cealaltă Parte, cu 6 luni înainte.

Confirmind cele de mai sus, reprezentanții autorizați ai Părților au semnat prezentul Acord.

Incheiat la București, la 21 noiembrie 1976, în două exemplare originale, în limbile engleză și română, ambele texte având aceeași valabilitate.


Casper R. Weinberger
PENTRU GUVERNUL
STATELOR UNITE ALE AMERICII,


Petre Gheorghiu
PENTRU GUVERNUL
REPUBLICII SOCIALISTE ROMANIA,

ANEXA 1

Părțile recunosc oportunitatea principiilor generale pentru dezvoltarea și desfășurarea activităților de cooperare, așa cum sunt enumerate în Articolul 2 al acestui Acord, în care persoane, firme, întreprinderi și organizații economice ale unei Părți pot participa pe teritoriul celeilalte. În acest scop, Părțile recomandă următoarele principii, în conformitate cu legile și reglementările în vigoare pe teritoriul Părții în care se desfășoară asemenea activități de cooperare :

1. Astfel de persoane, firme, întreprinderi și organizații economice ale uneia din Părți, în conformitate cu legile și reglementările aplicabile și cu acordurile dintre Părți, vor avea dreptul :

a) Să fie libere să transfere în străinătate, fără restricții și taxe discriminatorii și în condițiile stipulate între participanți, beneficiile și valoarea participării la capital, a drepturilor rezultând din distribuirea activelor după dizolvare și lichidare și a tuturor celorlalte drepturi care le revin, după plata impozitelor, taxelor, contribuțiilor pentru asigurări sociale și satisfacerea altor obligații legale și contractuale.

b) Să verifice executarea întocmai a tuturor obligațiilor contractuale.

c) Să includă în contractele de cooperare măsuri care să faciliteze angajarea și compensarea personalului local necesar pentru îndeplinirea obligațiilor rezultând din acțiunile de cooperare în conformitate cu legile și reglementările în vigoare în fiecare țară.

d) Să procure instalații, utilaje și materiale necesare pentru acțiunile de cooperare din surse interne sau străine pe bază de competitivitate.

e) Să aibă acces la serviciile și facilitățile necesare pentru realizarea afacerilor și care să nu fie mai puțin favorabile decât cele acordate firmelor, întreprinderilor și organizațiilor economice ale oricărei trei țări.

f) Să contacteze și să lucreze cu oficialități și personal tehnic corespunzător al firmelor, întreprinderilor și

organizațiilor economice ale celeilalte Părți angajate în activități de cooperare, inclusiv - în caz de necesitate - furnizori de servicii, produse și componente pentru activități de cooperare și beneficiari ai bunurilor produse prin asemenea activități de cooperare.

g) Să se bucure de drepturi și facilități nu inferioare celor acordate reprezentanțelor prin prevederile Anexei 2 (I) la Acordul privind relațiile comerciale, din 2 aprilie 1975, dintre cele două Părți,

și

h) Să exercite alte drepturi și să execute obligațiile convenite între participanții celor două țări în contractele lor.

2. Părțile recomandă ca firmele, întreprinderile și organizațiile economice să ia în considerare folosirea procedurii de conciliere stabilite de Consiliul Economic Mixt Americano-Român.

Părțile recomandă, în continuare, adoptarea arbitrajului în conformitate cu regulile de arbitraj ale Camerei de Comerț Internaționale de la Paris, pentru reglementarea divergențelor dintre participanții la acțiuni de cooperare.

Un asemenea arbitraj va avea loc, într-o țară - alta decât Republica Socialistă România sau Statele Unite ale Americii -, care este parte la Convenția pentru Recunoașterea și Executarea Hotărîrilor Arbitrale Externe de la New York, din 10 iunie, 1958. Participanții pot conveni reciproc asupra oricărei alte forme sau loc pentru rezolvarea diferendelor.

3. Părțile sunt de acord că consultări neoficiale de la guvern la guvern, cu privire la propunerile concrete de proiecte majore de cooperare între firmele, întreprinderile și organizațiile economice ale celor două Părți sau investițiile majore de către firme, întreprinderi și organizații economice ale unei Părți pe teritoriul celeilalte Părți, vor contribui la realizarea obiectivelor acestui Acord. Astfel de consultări vor avea loc la cererea uneia din Părți, înaintea convenirii de aranjamente pentru astfel de activități.

4. Părțile recomandă, de asemenea, următoarele principii generale pentru constituirea și funcționarea societăților mixte pe teritoriul unei Părți, care implică participarea la capital de către firme, întreprinderi și organizații economice ale celeilalte Părți.

Astfel de societăți mixte vor avea dreptul să angajeze și să plătească direct pe salariați, alții decât cei angajați în conducere, conform cu legile și reglementările în vigoare, la nivele similare cu cele care prevalează pe plan local în firme, întreprinderi sau organizații economice angajate în activități de afaceri cu profil similar. Firmele, întreprinderile și organizațiile economice care participă la astfel de societăți mixte vor avea dreptul ca, în condițiile legilor și reglementărilor în vigoare pe teritoriul Părții în care se constituie societatea mixtă :

- a) să participe la beneficii proporcionale cu participarea lor la capitalul social al societății ;
- b) să împartă, proporțional cu participarea lor la capitalul social, activele rezultate din dizolvarea sau închiderea societății mixte ;
- c) să transfere, integral sau parțial, valoarea drepturilor care rezultă din participarea la capital, așa cum este prevăzut în legile și reglementările aplicabile și în conformitate cu documentele legale de constituire a societății ;
- d) să examineze și să verifice, la cerere, situația patrimoniului societății și registrele de evidență, în conformitate cu documentele legale de constituire a societății mixte ;
- e) să participe la conducere sau să fie reprezentate în conducere, în proporție echitabilă cu participarea la capitalul societății mixte, în conformitate cu legile și reglementările aplicabile ;
- f) să limiteze răspunderea lor pentru obligațiile societății la valoarea aportului lor la capitalul social ;
- g) să intre în aranjamente privind conducerea societății mixte, care să asigure că conducerea are depline puteri,

în conformitate cu legile și reglementările în vigoare, de a îndruma și organiza producția, vinzările și alte activități ale societății,

și

h) să exercite alte drepturi și să execute alte obligații convenite de participanții la societatea mixtă, în conformitate cu documentele legale de constituire a societății.

5. Părțile recomandă ca diferențele între o Parte și o persoană, firmă, întreprindere sau organizație economică a celeilalte Părți, care rezultă dintr-o investiție, să fie supuse spre conciliere sau arbitraj, așa cum se prevede de către Convenția cu privire la Reglementarea Diferendelor relative la Investiții între State și Persoanele altor State.

ANEXA 2

In conformitate cu Articolul 2 - paragraful 8 - al acestui Acord, au fost identificate următoarele sectoare ca domenii de interes deosebit pentru dezvoltarea cooperării economice, industriale și tehnice între firmele, întreprinderile și organizațiile economice din cele două țări :

- industria construcțiilor de mașini ;
- industria electrică și electronică ;
- industria aeronautică ;
- industria chimică și petrochimică ;
- industria petrolului ;
- industria minieră ;
- industria materialelor de construcții ;
- industria ușoară ;
- industria alimentară ;
- telecomunicații ;
- computere și prelucrarea datelor ;
- agricultură ;
- bancar.

MEXICO

Relocations of the Rio Grande Channel

Act approving minute no. 257 of the International Boundary and Water Commission, United States and Mexico.

*Signed at Washington May 26, 1977;
Entered into force May 26, 1977.*

ACT APPROVING MINUTE NO. 257 OF THE INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

The Secretary of State of the United States of America, Cyrus Vance, and the Secretary of Foreign Relations of the United Mexican States, Santiago Roel, meeting in the city of Washington, D.C., have examined Minute No. 257 of the International Boundary and Water Commission, United States and Mexico, dated May 18, 1977, in which it is confirmed that the relocations of the channel of the Rio Grande stipulated in paragraphs A, B, and C of Article I of the treaty of November 23, 1970,[¹] have been completed and, concurring fully in the terms of the aforementioned Minute, expressly approve it in the name of their respective Governments.

This approval shall take effect at 2:00 p.m., local time in Washington, D.C. (12:00 noon, local time in Mexico City) on today's date. In witness whereof, they sign this Act, in the English and Spanish languages, at the city of Washington, D.C., on May 26, 1977.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA:

CYRUS R. VANCE

FOR THE GOVERNMENT OF
THE UNITED MEXICAN
STATES:

S. ROEL

¹ TIAS 7313; 23 UST 371.

**ACTA DE APROBACION DEL ACTA NO. 257 DE LA COMISION
INTERNACIONAL DE LIMITES Y AGUAS ENTRE LOS
ESTADOS UNIDOS Y MEXICO**

El Secretario de Estado de los Estados Unidos de América, Cyrus Vance, y el Secretario de Relaciones Exteriores de los Estados Unidos Mexicanos, Santiago Roel, reunidos en la Ciudad de Washington, D.C., han examinado el Acta número 257 de la Comisión Internacional de límites y Aguas entre los Estados Unidos y México fechada el 18 de mayo de 1977, en la que se confirma que han sido terminadas las relocalizaciones del cauce del Río Bravo estipuladas en los incisos A, B, y C del Artículo Primero del Tratado de 23 de noviembre de 1970 y, estando enteramente conformes con los términos del Acta mencionada, la aprueban expresamente en nombre de sus respectivos Gobiernos.

Esta aprobación surtirá efecto a partir de las 2:00 p.m., hora local de Washington, D.C. (12 m. hora local de la ciudad de México) del día de hoy. En fe de lo cual firman la presente Acta, en los idiomas inglés y español, en la ciudad de Washington, D.C., a los 26 días del mes de mayo de 1977.

POR EL GOBIERNO DE LOS
ESTADOS UNIDOS DE AMERICA:

CYRUS R. VANCE

POR EL GOBIERNO DE LOS
ESTADOS UNIDOS MEXICANOS:

S. ROEL

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES
AND MEXICO

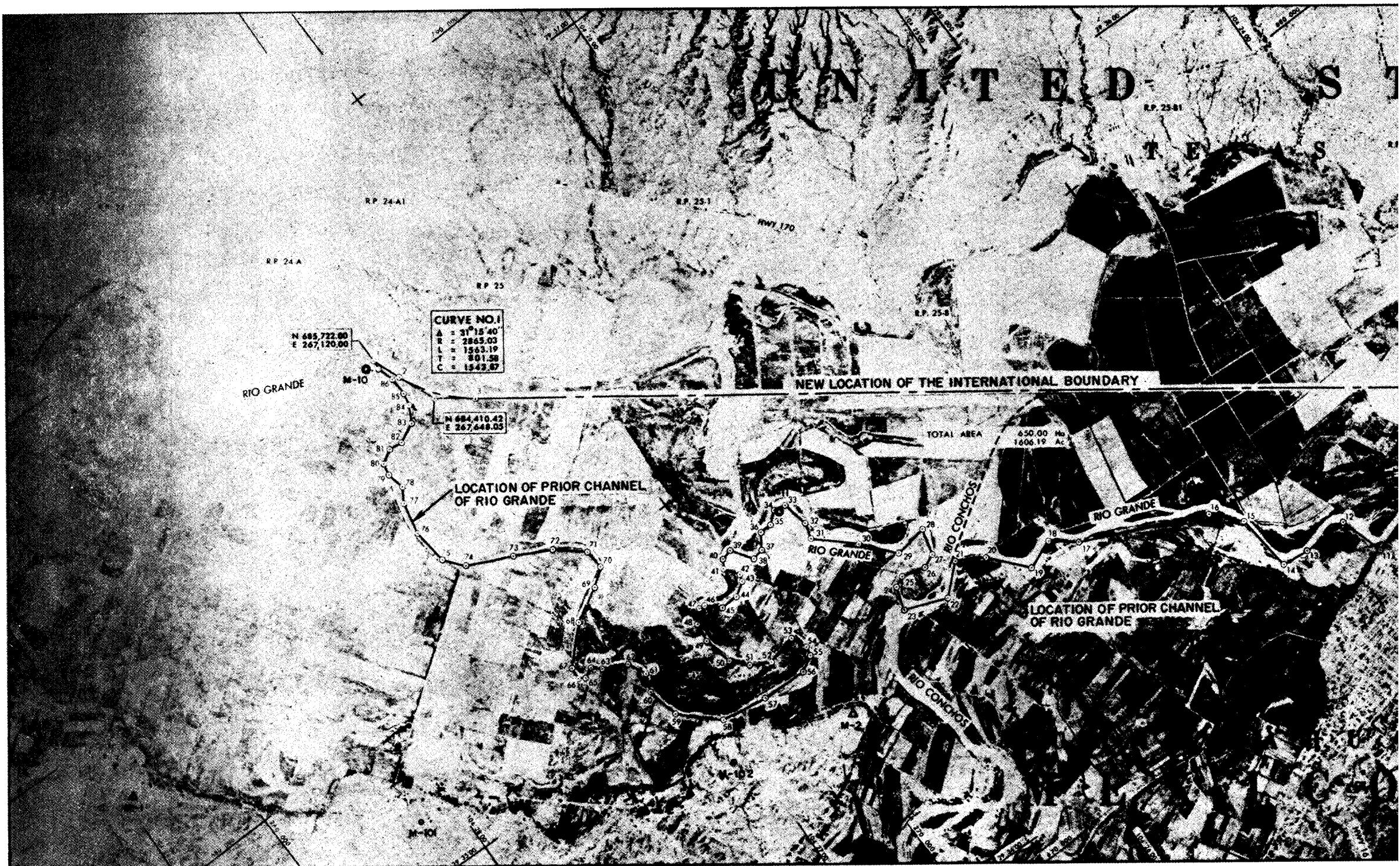
MINUTE NO. 257

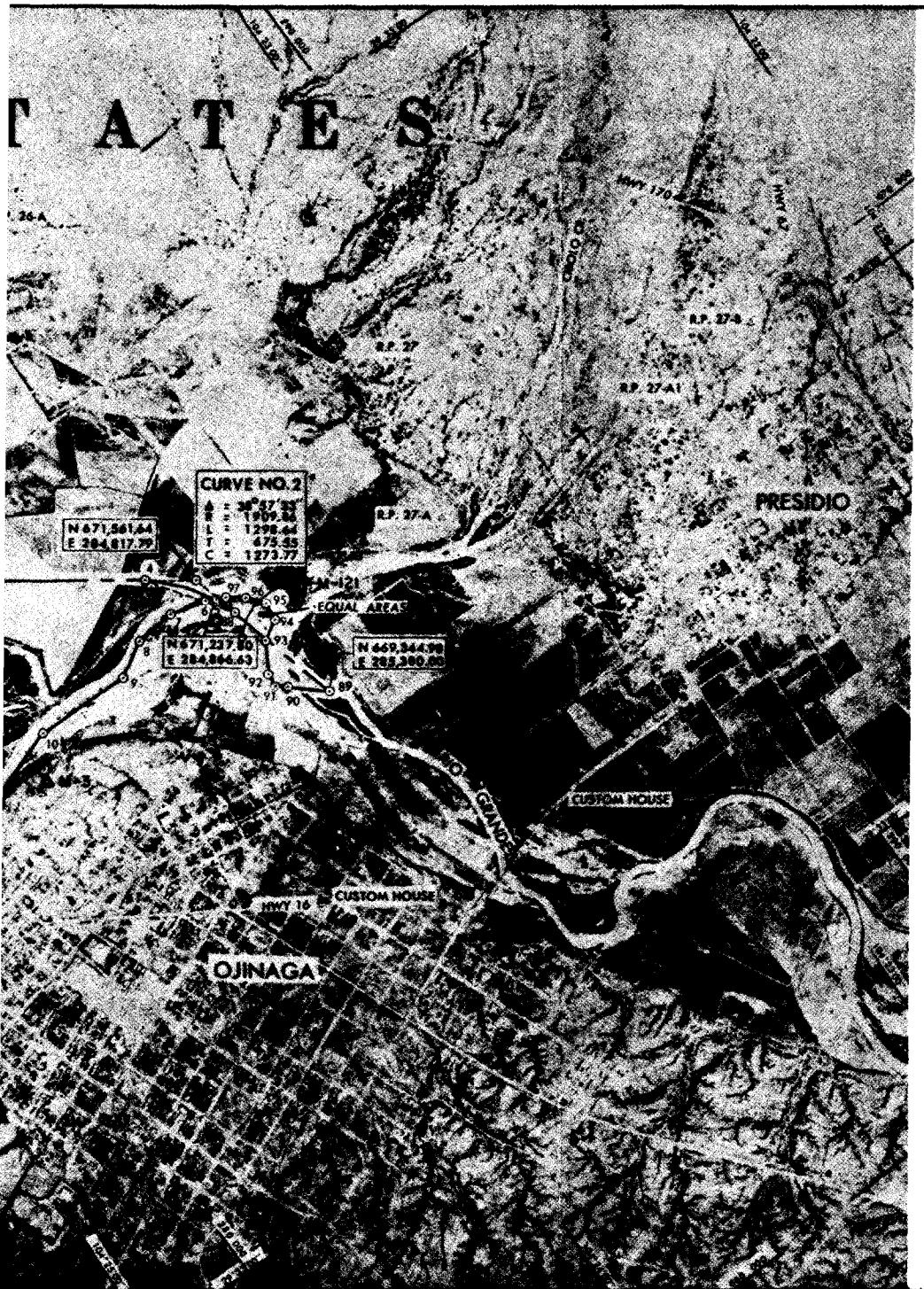
EL PASO, TEXAS, May 18, 1977

**Completion of the Relocations of the Rio Grande Stipulated in
Article I of the Treaty of November 23, 1970**

The Commission met in the offices of the United States Section in El Paso, Texas at 2:00 P.M., on May 18, 1977, to confirm in a Minute that the changes in location of the channel of the Rio Grande stipulated in paragraphs A, B and C of Article I of the Treaty of November 23, 1970, have been completed.

The Commission agreed that the three changes in the location of the channel of the Rio Grande, stipulated in paragraphs A, B and C of Article I of the Treaty of 1970 have been completed, and that the relocations were effected so that the middle of the new channels of

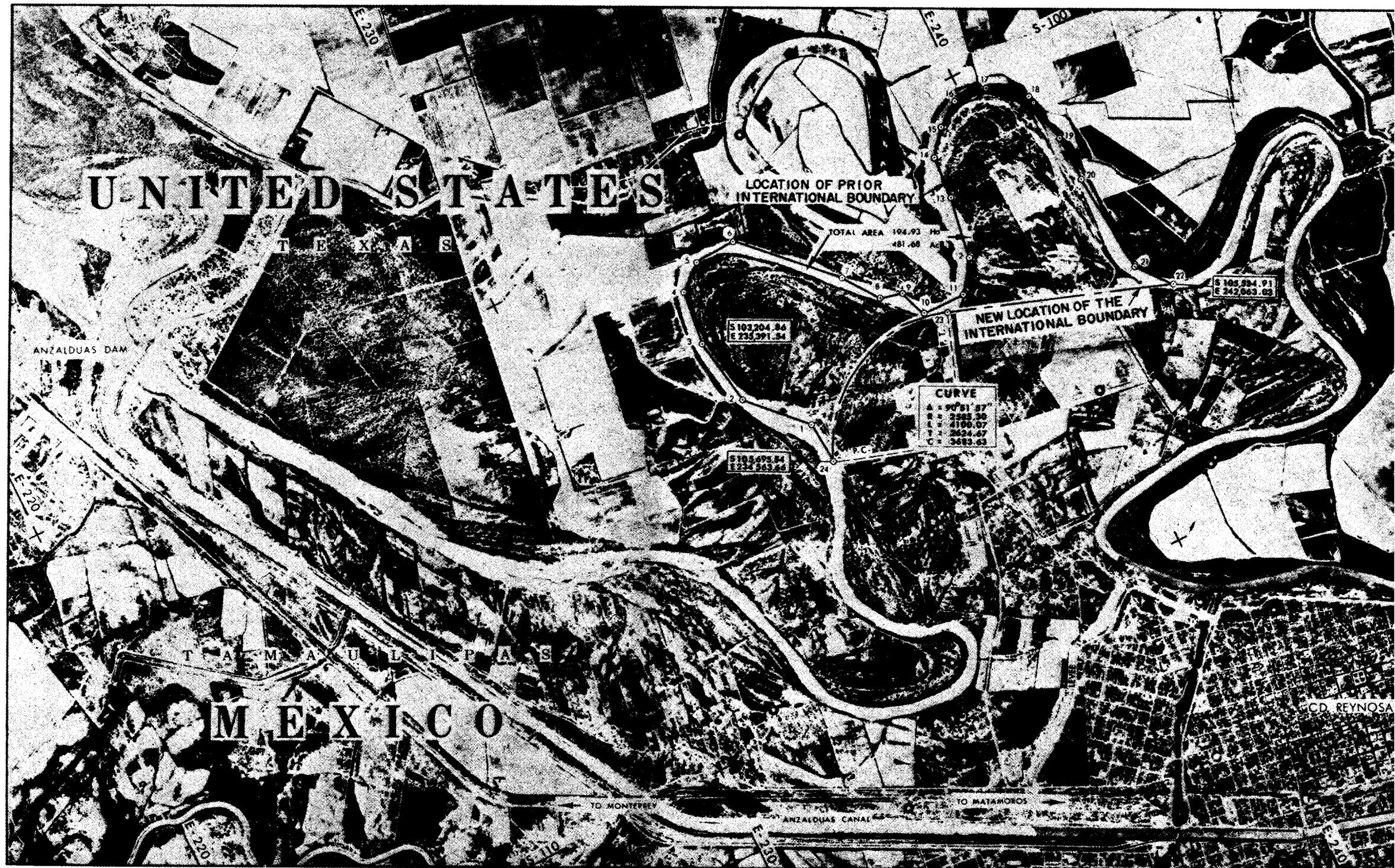




RELOCATION OF THE RIO GRANDE IN THE PRESIDIO - OJINAGA TRACTS

TABLE OF COORDINATES OF THE TRAVERSE

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*		STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST		NORTH	EAST	NORTH	EAST
1	685722.00	267120.00	209008.07	81418.18	70	679870.00	268265.00	207226.38	81767.17
2	685153.99	267348.68	208834.94	81487.88	71	680255.00	268225.00	207341.72	81754.98
3	683930.16	268289.82	208611.91	81774.74	72	680685.00	267725.00	207472.79	81602.58
4	671966.39	28276.90	204815.36	86647.60	73	681040.00	267050.00	207550.99	81396.84
88	670906.82	284983.87	204492.40	86663.08	74	681425.00	266185.00	207698.34	81133.19
89	669344.98	285380.00	204016.35	86981.82	75	681810.00	265875.00	207815.69	81038.70
90	669725.00	285000.00	204132.18	86868.00	76	682515.00	265785.00	208030.57	81011.27
91	669829.03	284842.22	204163.89	86819.91	77	683140.00	265920.00	208522.07	81052.42
92	670000.00	284898.00	204216.00	86836.91	78	683415.00	266105.00	208304.89	81108.80
93	670367.41	285120.68	204327.99	86904.78	79	683765.00	26620.00	208411.57	81082.90
94	670520.00	285373.00	204374.50	86982.30	80	683995.00	266070.00	208481.68	81098.14
95	670780.00	285395.00	204453.74	86988.40	81	684150.00	266335.00	208526.92	81178.91
96	670989.54	285221.91	204517.61	86935.64	82	684125.00	266605.00	208521.30	81261.20
97	671160.00	285000.00	204569.57	86868.00	83	684310.00	266990.00	208577.69	81378.55
5	671237.80	284866.63	204593.28	86827.35	84	684620.00	267165.00	208672.18	81431.89
6	671290.00	284760.00	204609.19	86794.85	85	684865.00	267215.00	208746.85	81447.13
7	671420.00	284280.00	204648.82	86648.54	86	685220.00	267200.00	208855.06	81442.56
8	671385.00	283735.00	204638.15	86842.43	87	685535.00	267105.00	208951.07	81413.60
9	671144.75	283272.78	204564.92	86341.54					
10	671200.00	281972.00	204581.76	85945.07					
11	670798.76	280584.83	204659.46	85522.26					
12	671670.00	280330.00	204725.02	85444.58					
13	671655.00	279425.00	204720.44	85168.74					
14	671735.00	278895.00	204744.83	85007.20					
15	672885.00	278785.00	205095.35	84973.67					
16	673415.87	278334.50	205257.16	84836.36					
17	674560.00	275960.00	205650.89	84112.61					
18	674955.00	275505.00	205726.28	83973.92					
19	674750.00	274925.00	205663.80	83797.14					
20	675395.00	274345.00	205860.40	83620.36					
21	675710.00	273820.00	205956.41	83460.34					
22	675210.00	273265.00	205804.01	83291.17					
23	675560.00	272430.00	205910.69	83036.66					
24	676015.00	272585.00	206049.37	83083.91					
25	676115.00	272800.00	206079.85	83149.44					
26	675985.00	273555.00	206040.23	83288.12					
27	676095.00	273530.00	206073.76	83371.94					
28	676605.00	273675.00	206229.20	83416.14					
29	676515.00	273015.00	206201.77	83214.97					
30	677135.00	272500.00	206390.75	83058.00					
31	677795.00	271805.00	206591.92	82846.16					
32	679100.00	271890.00	206684.88	82872.07					
33	678605.00	271815.00	206838.80	82849.21					
34	678660.00	271580.00	206855.57	82777.58					
35	678480.00	271345.00	206800.70	82705.96					
36	678460.00	271095.00	206794.61	82629.76					
37	678195.00	270915.00	206713.84	82574.89					
38	678155.00	270725.00	206701.64	82516.98					
39	678578.00	270455.00	206830.57	82434.68					
40	678540.00	270225.00	206818.99	82364.58					
41	678370.00	270120.00	206767.18	82332.58					
42	678085.00	270310.00	206680.31	82390.49					
43	677955.00	270260.00	206640.68	82375.25					
44	677790.00	270000.00	206590.39	82296.00					
45	677810.00	269705.00	206596.49	82206.08					
46	678060.00	269455.00	206672.69	82129.88					
47	678075.00	269310.00	206637.26	82085.69					
48	677855.00	269100.00	206610.20	82021.68					
49	677480.00	269045.00	206645.90	82004.92					
50	676895.00	269175.00	206317.60	82044.54					
51	676590.00	269435.00	206224.63	82123.79					
52	676385.00	269820.00	206162.15	82241.16					
53	676500.00	270360.00	206197.20	82405.73					
54	676195.00	270500.00	206104.24	82448.40					
55	676005.00	270435.00	206046.32	82428.59					
56	675840.00	270155.00	205996.03	82343.24					
57	675895.00	269305.00	206017.80	82084.16					
58	676050.00	268390.00	206060.04	81805.27					
59	676735.00	267710.00	206268.83	81598.01					
60	677350.00	267585.00	206456.28	81559.91					
61	677695.00	267730.00	206561.44	81604.10					
62	678065.00	267550.00	206674.21	81549.24					
63	678285.00	267090.00	206741.27	81409.03					
64	678440.00	266930.00	206788.51	81160.26		</			





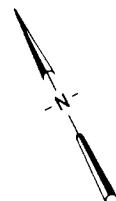
RELOCATION OF THE RIO GRANDE UPSTREAM FROM HIDALGO - REYNOSA

TABLE OF COORDINATES OF THE TRAVERSE

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	SOUTH	EAST	SOUTH	EAST
1	104809.98	234477.37	31946.08	71468.70
2	103806.50	233463.13	31640.22	71159.56
3	102484.42	233268.94	31237.25	71100.37
4	101437.77	233403.03	30918.23	71141.24
5	100994.62	233865.43	30783.16	71282.18
6	100971.30	234672.51	30776.05	71528.18
7	102535.54	236307.09	31252.83	72026.40
8	103224.31	236789.71	31462.77	72173.50
9	103352.07	237209.72	31501.71	72301.52
10	103896.59	237413.36	31667.68	72363.59
11	103919.16	238263.10	31674.56	72622.59
12	103289.05	238679.47	31482.50	72749.50
13	102093.83	238898.47	31118.20	72816.25
14	101228.55	238947.58	30854.46	72831.22
15	100765.78	239311.56	30713.41	72942.16
16	100453.88	239806.83	30618.34	73093.12
17	100483.11	240463.00	30627.25	73293.12
18	101014.31	241132.52	30789.16	73497.19
19	101998.46	241339.64	31089.13	73560.32
20	102903.97	241353.16	31365.13	73564.44
21	104901.94	241531.24	31974.11	73618.72
22	105534.91	242063.03	32167.04	73780.81
23	104070.28	237869.43	31720.62	72502.60
24	105695.54	234563.66	32216.00	71495.00

AREA= 481.68 ACRES 194.93 HECTARES

* COORDINATES WITH ORIGIN AT R.P. E, ROMA, TEXAS



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SCALE IN FEET

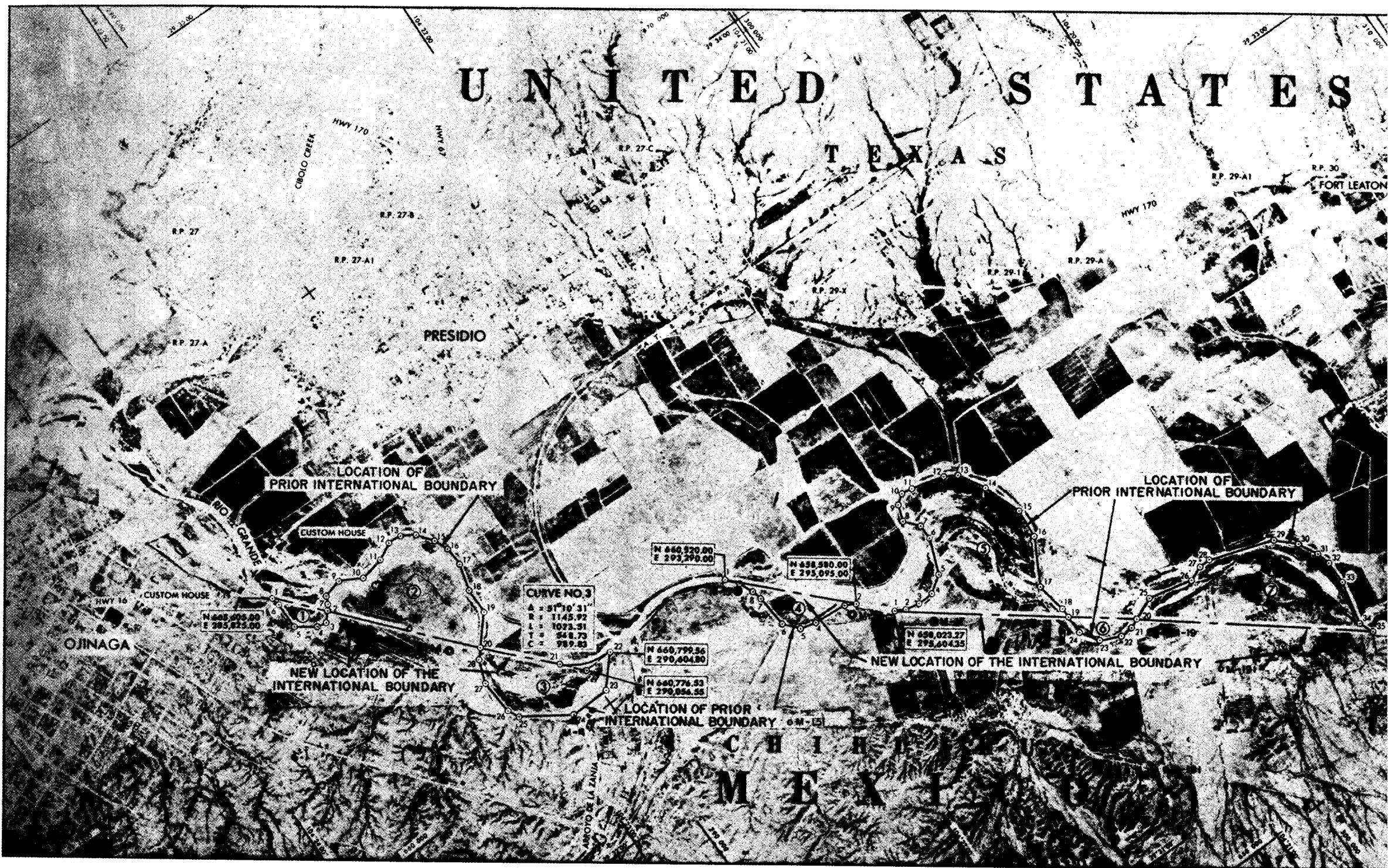
INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO

NEW LOCATION OF THE INTERNATIONAL BOUNDARY UPSTREAM FROM HIDALGO - REYNOSA

ATTACHED TO MINUTE NO. 257 DATE: MAY 18, 1977

COMMISSIONER
OF THE
UNITED STATES

COMMISSIONER
OF
MEXICO





RELOCATION OF THE RIO GRANDE IN THE PRESIDIO-OJINAGA TRACTS

TABLE OF COORDINATES OF THE TRAVERSES

TRACT NO. 1

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
1	665605.00	285825.00	202876.40	87119.66
2	664761.06	286564.60	202619.17	87344.89
3	664590.00	286410.00	202567.03	87297.77
4	664615.00	286215.00	202574.65	87238.33
5	664895.00	285850.00	202660.00	87127.08
6	665435.00	285855.00	202824.59	87128.60

TRACT NO. 2

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
2	664761.06	286564.60	202619.17	87344.89
7	664850.00	286625.00	202646.28	87369.40
8	665000.00	286720.00	202692.00	87392.26
9	665085.00	287085.00	202717.91	87503.51
10	664845.00	287525.00	202644.76	87637.62
11	664925.00	288005.00	202669.14	87783.92
12	665100.00	288350.00	202722.48	87889.08
13	665070.00	288620.00	202713.34	87971.38
14	664900.00	288580.00	202661.52	88050.62
15	664580.00	289115.00	202563.98	88122.25
16	664295.00	289235.00	202477.12	88158.83
17	663965.00	289270.00	202376.53	88169.50
18	663135.00	289105.00	202214.99	88119.20
19	662920.00	289085.00	202058.02	88113.11
20	662423.33	288613.33	201906.63	87969.34

AREA= 7.75 ACRES 3.13 HECTARES

* TEXAS STATE LAMBERT PROJECTION-SOUTH CENTRAL ZONE

TRACT NO. 3

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
20	662423.33	288613.33	201906.63	87969.34
21	661189.21	289694.89	201530.47	88299.00
22	660759.56	290604.80	201411.71	88576.34
23	660264.94	290109.83	201248.75	88425.48
24	660270.00	289300.00	201250.30	88178.64
25	660910.00	288450.00	201445.37	87919.56
26	661140.00	288350.00	201515.47	87893.08
27	661835.00	288320.00	201727.31	87879.94
28	662255.00	288445.00	201855.32	87918.04

AREA= 52.90 ACRES 21.41 HECTARES

* TEXAS STATE LAMBERT PROJECTION-SOUTH CENTRAL ZONE

TRACT NO. 4

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
1	660520.00	293290.00	201326.50	89194.79
2	658500.00	295095.00	200735.18	89034.96
3	658700.00	298490.00	200771.76	89587.47
4	658770.00	294210.00	200793.10	89581.30
5	658865.00	293910.00	200822.05	89583.77
6	659155.00	293675.00	200910.44	89512.14
7	659810.00	293640.00	201110.09	89501.47
8	660000.00	293590.00	201165.00	89486.23
9	660290.00	293475.00	201256.39	89451.18

TRACT NO. 5

AREA= 19.37 ACRES 7.84 HECTARES

TRACT NO. 6

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
19	655839.23	298210.44	19886.44	90914.23
20	654984.90	299421.59	19834.39	91139.62
21	654910.00	299165.00	19801.58	91185.59
22	654905.00	295705.00	19915.01	91166.74
23	655100.00	294515.00	19921.45	90982.37
24	655460.00	295285.00	19934.21	90917.27

TRACT NO. 7

AREA= 9.31 ACRES 3.77 HECTARES

TRACT NO. 8

STATION	COORDINATES IN FEET*		COORDINATES IN METERS*	
	NORTH	EAST	NORTH	EAST
20	654984.90	299742.59	19863.39	91239.62
25	655150.00	299855.00	19849.86	91380.56
26	654935.00	300705.00	199625.19	91654.88
27	655035.00	301010.00	19951.62	91747.85
28	655036.94	301211.97	199655.26	91812.44
29	654521.94	302496.92	199303.52	92301.06
30	654255.00	302425.00	199116.92	92301.06
31	653860.00	303136.00	199361.53	92366.59
32	653585.00	302110.00	199127.71	92387.93
33	653120.00	303110.00	199070.98	92387.93
34	652275.00	302920.00	198513.42	92330.02
35	651982.00	303037.11	198724.11	92365.71

AREA= 116.23 ACRES 47.04 HECTARES

* TEXAS STATE LAMBERT PROJECTION-SOUTH CENTRAL ZONE

* TEXAS STATE LAMBERT PROJECTION-SOUTH CENTRAL ZONE

INTERNATIONAL BOUNDARY AND WATER COMMISSION

UNITED STATES AND MEXICO

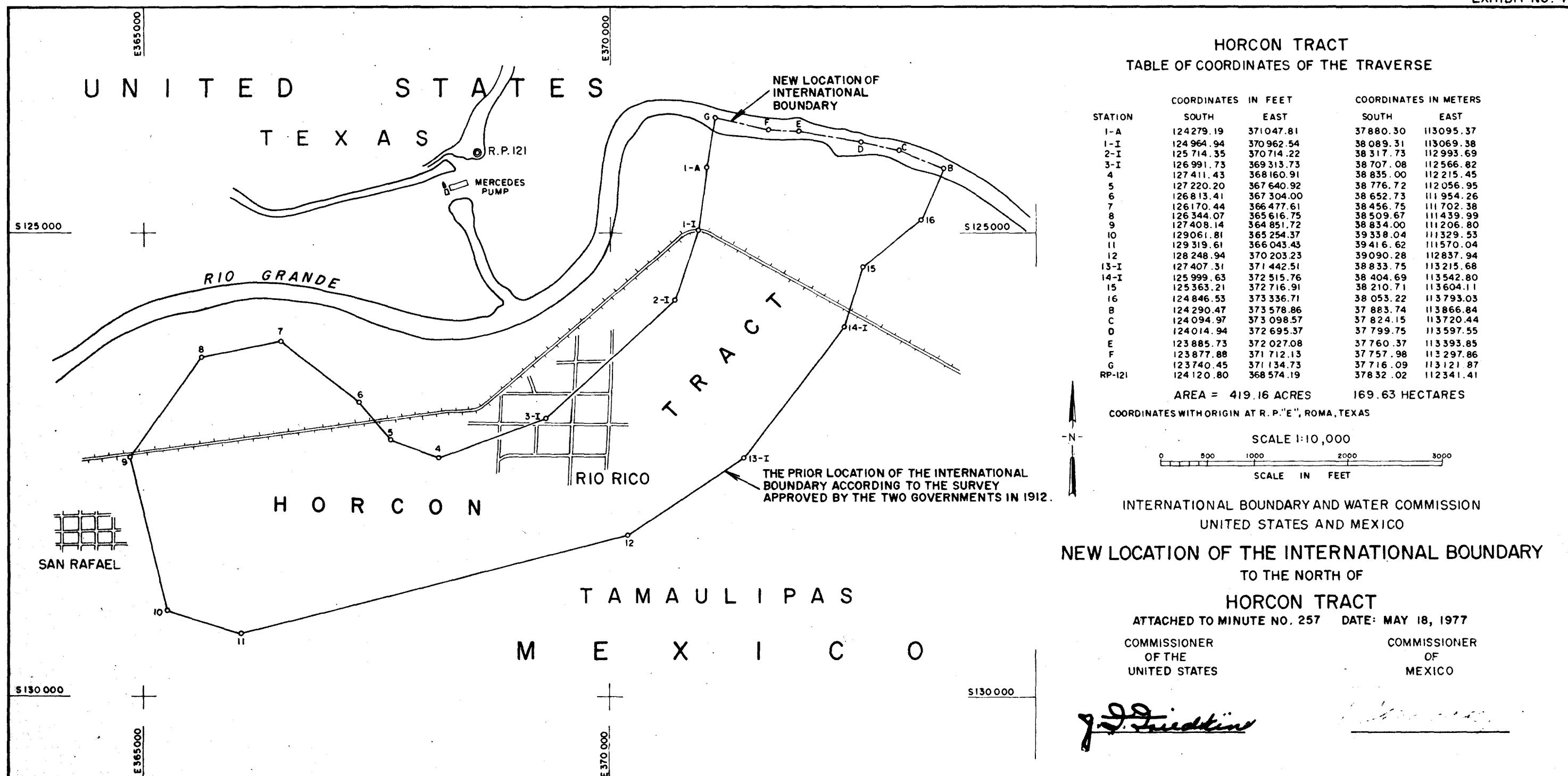
NEW LOCATION OF THE INTERNATIONAL BOUNDARY

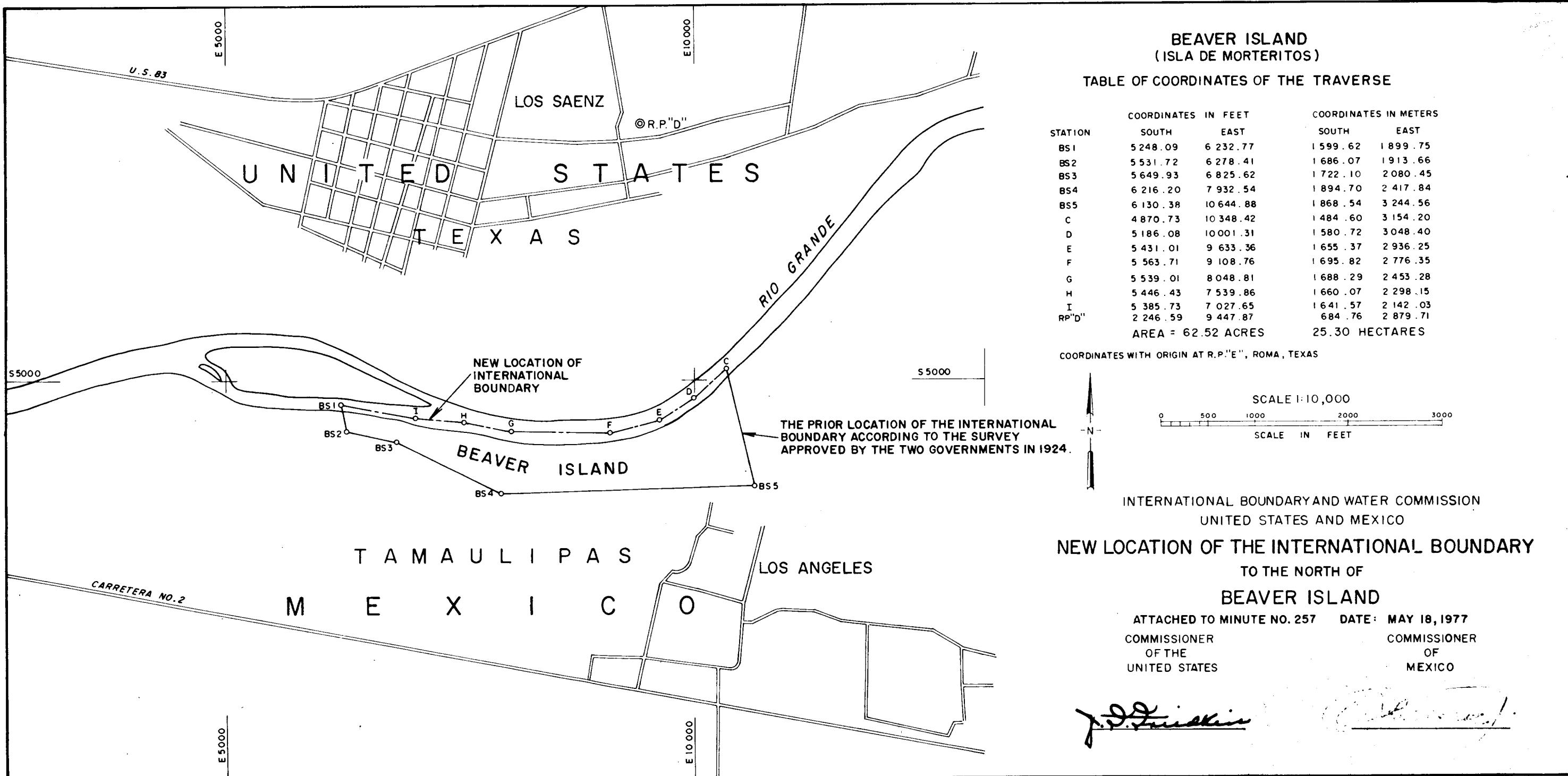
DOWNSTREAM FROM

PRESIDIO - OJINAGA

ATTACHED TO MINUTE NO. 257 DATE: MAY 18, 1977

COMMISSIONER
OF THE
UNITED STATESCOMMISSIONER
OF
MEXICO*J. D. Garrison**Morales*





The Commission then adopted the following Resolution:

1. Completion of the changes in the location of the channel of the Rio Grande stipulated in paragraphs A, B and C of Article I of the Treaty of November 23, 1970, is confirmed.
2. That on the date on which the two Governments approve this Minute and effect the changes in the location of the international boundary in accordance with Article I F of the Treaty of 1970, the new locations of the international boundary are adopted as are shown on the five maps that are attached to and form part of the present Minute, as follows:

Annex 1: New Location of the International Boundary in the Presidio-Ojinaga Tracts.

Annex 2: New Location of the International Boundary Upstream from Hidalgo-Reynosa.

Annex 3: New Location of the International Boundary Downstream from Presidio-Ojinaga.

Annex 4: New Location of the International Boundary to the North of the Horcon Tract.

Annex 5: New Location of the International Boundary to the North of Beaver Island.

3. That the new locations of the international boundary referred to in Point 2 of this Resolution and the reaches of the Rio Grande in which they are located, are subject to all of the applicable stipulations of the Treaty of 1970.

The meeting adjourned.

J. F. FRIEDKIN
Commissioner of the United States

D HERRERA J
Commissioner of Mexico

M. R. YBARRA
*Secretary of the United States
Section* LORENZO PADILLA S P
Secretary of the Mexican Section

(2) 28pt + 5
Volume 635



ANEXO NUM. I



RELOCALIZACION DEL RIO BRAVO EN LOS CORTES DE OJINAGA - PRESIDIO

TABLA DE COORDENADAS DE LA POLIGONAL

ESTACION	COORDENADAS EN METROS*		COORDENADAS EN PIES*		ESTACION	COORDENADAS EN METROS*		COORDENADAS EN PIES*	
	NORTE	ESTE	NORTE	ESTE		NORTE	ESTE	NORTE	ESTE
1	205008.07	81418.18	685722.00	267125.00	61	206511.44	51604.10	677695.00	267130.00
2	205831.94	81487.88	685153.99	267346.68	62	206674.21	61549.24	678065.00	267550.00
3	205611.91	81774.74	687531.10	268284.82	63	206741.27	81469.03	678285.00	267090.00
4	204815.36	80447.05	672960.39	264276.90	64	206788.51	51365.26	678440.00	266930.00
5	204491.40	80861.08	670905.82	264482.87	65	206795.56	81297.78	678345.00	265725.00
6	204154.35	80983.71	689344.98	265180.00	66	206774.32	81268.82	678400.00	265635.00
7	204134.16	81668.01	689711.00	265300.00	67	206851.00	81255.82	678645.00	266630.00
8	204163.89	80719.51	689829.03	264844.22	68	207038.45	81460.65	678260.00	267240.00
9	204214.00	80836.91	671100.00	268988.00	69	207144.65	81665.06	679115.00	267930.00
10	204327.99	80904.78	670381.41	265126.68	70	207224.38	81767.17	679870.00	268265.00
11	204374.50	80982.35	670520.00	265370.00	71	207341.72	81754.98	680255.00	268225.00
12	204431.74	80988.40	670760.00	265395.00	72	207472.79	81802.58	680885.00	267725.00
13	204517.61	80935.04	670964.54	265221.91	73	207580.99	81794.84	681342.00	267052.00
14	204569.57	80868.00	671163.00	265300.00	74	207698.34	81732.19	681425.00	266165.00
15	204693.28	80627.14	671247.80	264965.63	75	207815.69	81038.70	681810.00	265875.00
16	204604.19	80794.85	671295.00	264760.00	76	208010.57	81011.27	681515.00	265785.00
17	204648.82	80669.04	671420.00	264280.00	77	208212.07	81051.42	681400.00	265920.00
18	204638.15	80642.43	671365.00	263735.00	78	208304.89	81105.80	683415.00	266105.00
19	204564.92	80631.74	671144.98	263224.78	79	208411.53	81082.90	683765.00	266020.00
20	204581.76	80445.07	671200.00	263192.00	80	206481.68	81098.14	683955.00	266070.00
21	204591.46	80520.75	670799.76	260584.83	81	208528.92	81176.91	684150.00	266335.00
22	204723.02	80444.53	671167.00	260500.00	82	208521.30	81241.20	684125.00	266605.00
23	204720.44	80168.74	671161.00	261945.00	83	208477.69	81378.55	684110.00	266990.00
24	204744.83	80007.20	671175.00	266895.00	84	208672.18	81431.89	684620.00	267165.00
25	205095.35	81473.67	672885.00	268785.00	85	208746.85	81447.13	684665.00	267215.00
26	205257.16	84836.36	673415.87	268334.50	86	208855.06	81442.56	685220.00	267200.00
27	205605.09	84112.41	674560.00	265960.00	87	208951.07	81413.60	685535.00	267105.00
28	205726.28	83173.92	674955.00	265405.00	AREA = 650.00 HECTAREAS 1606.19 ACRES				
29	205864.80	83797.14	674750.00	264925.00	*COORDENADAS LAMBERT ZONA SUR CENTRAL DE TEXAS				
30	215860.00	83620.36	675391.00	264345.00					
31	205956.41	83620.34	675710.00	273280.00					
32	205604.01	83241.17	675210.00	273265.00					
33	205511.69	83015.66	675565.00	272430.00					
34	205649.37	83081.91	676015.00	272585.00					
35	206079.85	83149.44	676119.00	272800.00					
36	206040.23	83268.13	676349.00	273255.00					
37	206075.76	83571.94	676351.00	273530.00					
38	206129.20	83416.14	676685.00	273675.00					
39	206014.77	83216.47	676515.00	273015.00					
40	206391.75	83058.00	677135.00	272500.00					
41	206591.92	82864.16	677295.00	271805.00					
42	206684.88	82827.07	678100.00	271800.00					
43	206836.80	82849.02	678605.00	271815.00					
44	206855.57	82777.58	678665.00	271580.00					
45	206804.70	82705.96	678460.00	271345.00					
46	206794.61	82629.76	678466.00	271095.00					
47	206713.84	82514.89	678195.00	270915.00					
48	206701.64	82516.98	678155.00	270725.00					
49	206830.57	82434.68	678578.00	270455.00					
50	206818.99	82364.58	678540.00	270225.00					
51	206767.18	82332.58	678370.00	271200.00					
52	206580.31	82390.49	678085.00	270310.00					
53	206640.08	82375.25	677955.00	270260.00					
54	206590.34	82296.00	677920.00	270000.00					
55	206595.57	82206.08	677810.00	269795.00					
56	206671.69	82219.88	678065.00	269455.00					
57	206577.26	82085.63	678075.00	269310.00					
58	206610.20	82021.68	677855.00	269100.00					
59	206491.90	82044.92	677480.00	269045.00					
60	206117.50	82044.54	676575.00	268175.00					
61	206224.63	82127.79	676540.00	269435.00					



ANEXO NUM. 2



RELOCALIZACION DEL RIO BRAVO AGUAS ARRIBA DE REYNOSA-HIDALGO
TABLA DE COORDENADAS DE LA POLIGONAL

ESTACION	COORDENADAS EN METROS*		COORDENADAS EN PIES*	
	SUR	ESTE	SUR	ESTE
1	31946.38	71468.70	104809.98	234477.37
2	31640.27	71159.56	103806.50	233463.13
3	31237.25	71100.37	102484.42	233268.94
4	30918.23	71141.14	101437.77	233403.03
5	30783.16	71282.18	100994.62	233865.43
6	30776.05	71528.18	100971.30	234672.51
7	31252.83	72026.40	102535.54	236307.09
8	31462.77	72173.50	103224.31	236789.71
9	31501.71	72301.52	103352.07	237209.72
10	31667.48	72353.59	103896.59	237413.38
11	31474.45	72622.59	103919.16	238263.10
12	31482.40	72749.50	103289.05	238579.47
13	31218.45	72816.25	102093.83	238898.47
14	30854.46	72631.72	101228.55	239947.58
15	30713.41	72942.16	100765.78	239311.56
16	30618.34	73093.12	100453.88	239806.83
17	30627.29	73293.12	100483.11	240463.00
18	30789.16	73447.19	101014.31	241132.52
19	31087.13	73560.12	101998.46	241339.64
20	31365.13	73564.46	102903.97	241353.16
21	31470.11	73618.72	104901.94	241531.24
22	32167.04	73780.81	105534.91	242063.03
23	31720.62	72502.60	104070.28	237869.43
24	32216.00	71495.00	105695.54	234563.66

AREA = 194.93 HECTAREAS = 481.68 ACRES

* COORDENADAS CON ORIGEN EN EL P.R."E" DE ROMA, TEXAS

ESCALA 1:20 000

0 500 1000 2000
METROS

COMISION INTERNACIONAL DE LIMITES Y AGUAS
ENTRE MEXICO Y LOS ESTADOS UNIDOS

NUEVA LOCALIZACION DEL LIMITE INTERNACIONAL
AGUAS ARRIBA DE
REYNOSA - HIDALGO

ANEXO AL ACTA NUM. 257 DEL 18 DE MAYO DE 1977

COMISIONADO
DE
MEXICO

COMISIONADO
DE LOS
ESTADOS UNIDOS

J. J. Tristán

11664



**RELOCALIZACION DEL RIO BRAVO AGUAS ABAJO DE OJINAGA - PRESIDIO
TABLA DE COORDENADAS DE LAS POLIGONALES.**

COMISION INTERNACIONAL DE LIMITES Y AGUAS
ENTRE MEXICO Y LOS ESTADOS UNIDOS

NUEVA LOCALIZACION DEL LIMITE INTERNACIONAL

AGUAS ABAJO DE OJINAGA - PRESIDIO

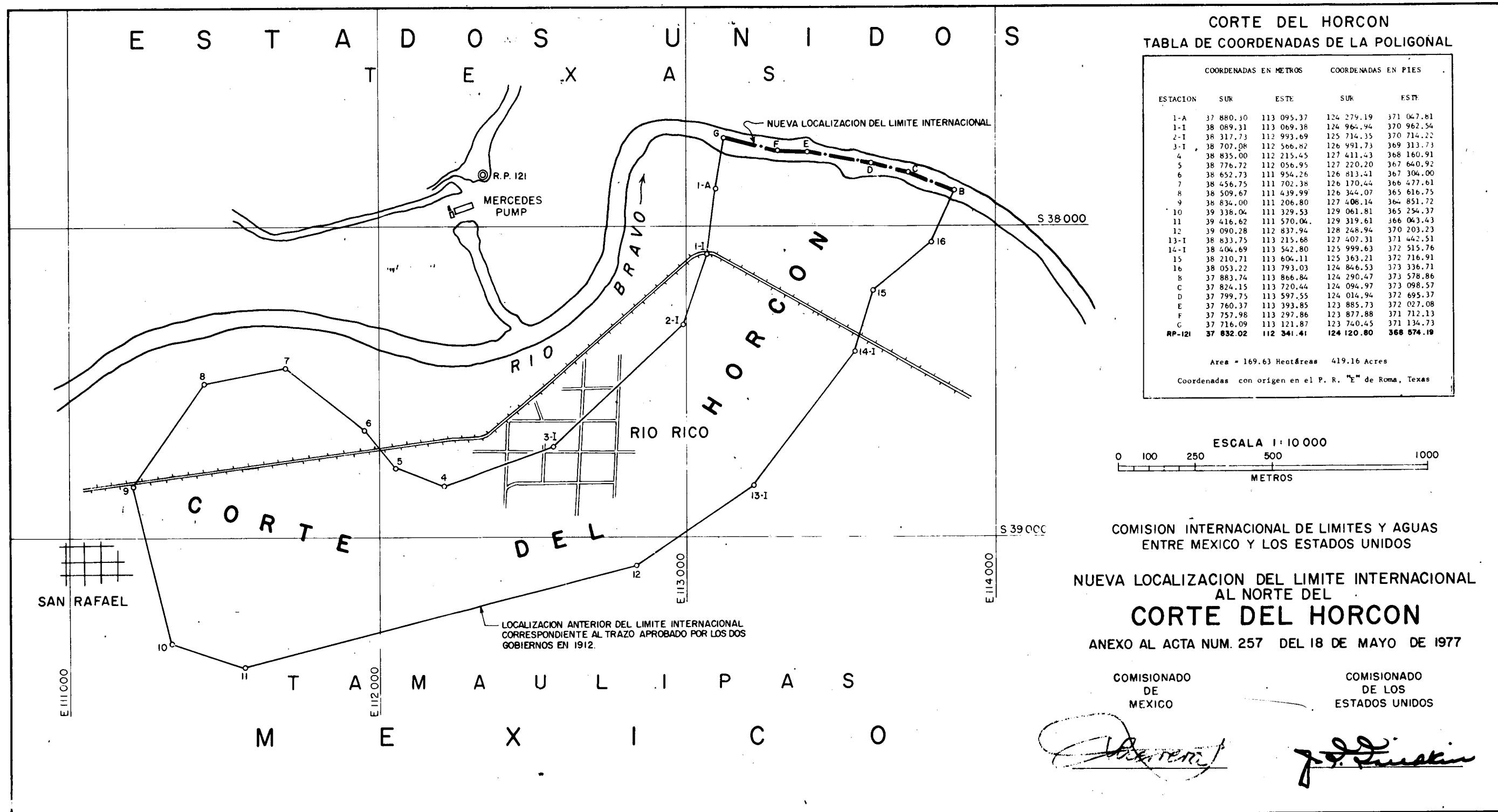
ANEXO AL ACTA NUM. 257 DEL 18 DE MAYO DE 1977

COMISIONADO
DE
MEXICO

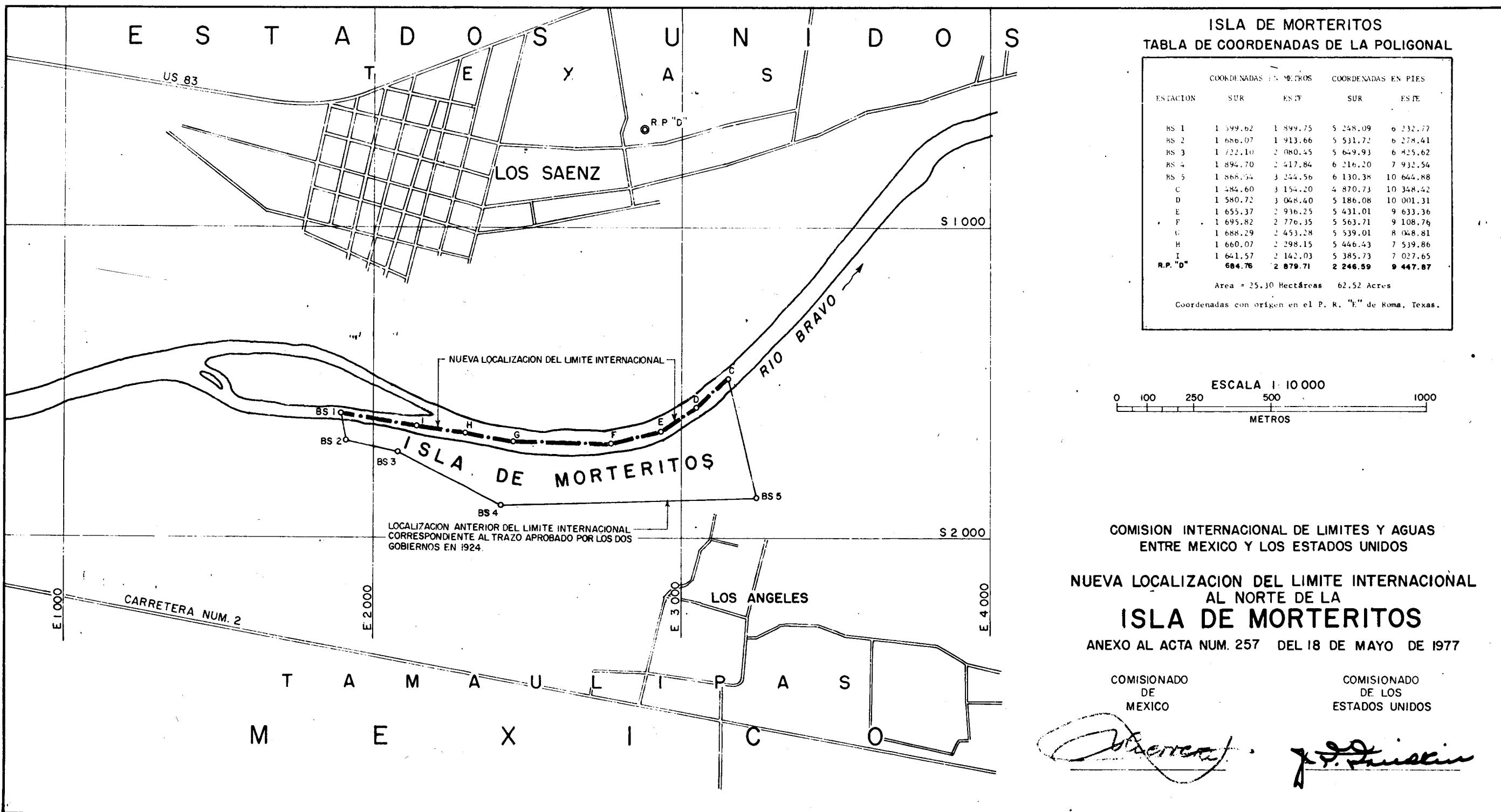
COMISIONADO
DE LOS
ESTADOS UNIDOS

11665

ANEXO NUM. 4



ANEXO NUM. 5



México estipulada en el Artículo I F (2) del Tratado de 1970, los Estados Unidos no necesitan adquirir de, o compensar a, los residentes y ocupantes del Corte del Horcón y de la Isla de Morteritos, ni de ninguna otra persona, ningún derecho, título o interés que se base en, o provenga de, la ocupación o posesión de los terrenos y mejoras de esas dos porciones. Además, la Comisión reconoció que, de acuerdo con las Resoluciones de las Actas Núms. 251 y 255, no fueron evacuados los residentes y ocupantes de esas dos porciones, como lo estipula el Artículo I D (2) del Tratado de referencia.

La Comisión confirmó que, de conformidad con el Artículo I E del Tratado de 1970, el costo de los cambios de localización del cauce del Río Bravo se dividió por igual entre los dos Gobiernos mediante una distribución de trabajos apropiada, recomendada por la Comisión en el Acta Núm. 246 y aprobada por los dos Gobiernos.

A continuación, la Comisión adoptó la siguiente Resolución:

1.—Se confirma la terminación de los cambios de localización del cauce del Río Bravo estipulados en los párrafos A, B y C del Artículo I del Tratado del 23 de noviembre de 1970.

2.—Que en la fecha en que los dos Gobiernos aprueben la presente Acta, y lleven a efecto los cambios de localización del límite internacional de acuerdo con el Artículo I F del Tratado de 1970, se adopten las nuevas localizaciones del límite internacional como se muestran en los cinco planos que se acompañan a la presente Acta y forman parte de ella, titulados como sigue:

Anexo 1.—Nueva Localización del Límite Internacional en los Cortes de Ojinaga-Presidio.

Anexo 2.—Nueva Localización del Límite Internacional Aguas Arriba de Reynosa-Hidalgo.

Anexo 3.—Nueva Localización del Límite Internacional Aguas Abajo de Ojinaga-Presidio.

Anexo 4.—Nueva Localización del Límite Internacional al Norte del Corte del Horcón.

Anexo 5.—Nueva Localización del Límite Internacional al Norte de la Isla de Morteritos.

3.—Que las nuevas localizaciones del límite internacional a que se refiere el punto 2 de la presente Resolución y los tramos del Río Bravo en que están localizadas, queden sujetos a todas las estipulaciones aplicables del Tratado de 1970.

Se levantó la sesión.

D HERRERA J
Comisionado de México

J. F. FRIEDKIN
Comisionado de los Estados Unidos

LORENZO PADILLA S P
Secretario de la Sección de México

M. R. YBARRA
Secretario de la Sección de los Estados Unidos

JAPAN

Trade: Color Television Receivers

*Agreement effected by exchange of notes
Signed at Washington May 20, 1977;
Entered into force May 20, 1977;
Effective July 1, 1977.
With agreed minutes and related notes.*

*The Japanese Ambassador to the American Special Representative for
Trade Negotiations*

EMBASSY OF JAPAN
WASHINGTON

May 20, 1977

Excellency,

I have the honour to refer to the recent discussions between the representatives of the Government of Japan and the Government of the United States of America, during which the Government of Japan informed the Government of the United States of America of unilateral export restraint measures for color television receivers to be taken in accordance with the relevant law of Japan.

I have further the honour to confirm that the Government of Japan will implement its measures and obligations under the following provisions:

1. The Government of Japan will apply restraints to exports to the United States from Japan of color television receivers as defined in Annex A (hereinafter referred to as "color television receivers") at the levels as specified in Annex B for the period of three years beginning July 1, 1977, provided that the Government of the United States of America does not take any restrictive measures vis-à-vis imports from Japan of color television receivers.

His Excellency
Robert S. Strauss
The Special Representative
for Trade Negotiations

2. The Government of Japan will supply the Government of the United States of America with reports on actual export certificates issued to date and their percentage of yearly authorized exports to the United States of color television receivers, no later than thirty days after the end of each month. The Government of Japan will act promptly to provide data on a more current basis to the extent practicable upon request by the Government of the United States of America, to assure the effectiveness of the provisions of this Note. Monthly customs statistics officially announced on exports to the United States will be supplied promptly by the Government of Japan as they become available. The Government of the United States of America will supply the Government of Japan with monthly reports on imports by principal country of origin no later than thirty days after the end of each month and weekly reports on imports not presented with an invoice with appropriate authorization for export to the United States, no later than fifteen days after the end of each week.

3. In the event that imports of Japanese color television receivers through third countries or through diversion of shipments en route undermine the objectives of the restraint, the two Governments will work together with a view to finding appropriate remedial measures.

4. The Government of Japan will make every reasonable effort to see to it that there will be no circumvention by minor modifications of articles covered by Annex A to avoid the effect of the restraint.

5. The Government of Japan will endeavor to space actual exports over each twelve month period specified in Annex B as evenly as practicable and consistent with seasonal considerations.

6. (a) Either Government may request consultations on any matters arising from the provisions of this Note. Such consultations will take place at a mutually convenient time no later than thirty days from the date on which such request is made, unless otherwise mutually agreed.

(b) If, in the view of either Government, the economic conditions prevailing at the time of the recent discussions mentioned above have improved substantially, that Government may initiate consultations for review of the provisions of this Note including the possibility of termination and/or amelioration of the export restraints prior to the expiration of the period of three years.

(c) In the event that the Government of the United States of America considers that the effectiveness of the provisions of this Note is undermined by excessive concentration of color television receiver exports in particular screen sizes or by exports of articles similar or used for like purpose which are not included in the scope of Annex A, that Government may initiate consultations with a view toward the prompt resolution of such problems.

7. If the Government of Japan considers that, as a result of the application of the provisions of this Note, Japan is placed in an inequitable position vis-à-vis third countries in respect

of exports to the United States of color television receivers, the Government of Japan may initiate consultations with the Government of the United States of America.

8. (a) The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade^[1] are not affected by the provisions of this Note.

(b) No provision of this Note will be construed as affecting the respective positions of the two Governments in the Tokyo Round of the Multilateral Trade Negotiations.

9. (a) Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising out of the implementation of the provisions of this Note, including those concerning differences in procedure, operation, or the application of the definition.

(b) The two Governments may amend the provisions of this Note if such amendments are mutually agreeable.

10. No provision of this Note will be construed as applying to prices or production of color television receivers, or allocation of shipments among firms selling (except that it is recognized that such allocations may be deemed necessary and therefore directed by the Government of Japan in its implementation of the provisions of this Note) or buying color television receivers.

11. Either Government may terminate the provisions of this Note by giving sixty-days' written notice to the other Government.

12. The foregoing provisions of this Note will be implemented by the two Governments in accordance with the laws and

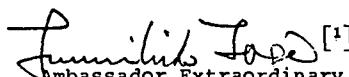
¹ TIAS 1700; 61 Stat., pts. 5 and 6.

regulations applicable in their respective countries.

13. The provisions of this Note will continue in force through June 30, 1980 unless earlier terminated as provided for in paragraph 11 of this Note.

I have further the honour to request Your Excellency to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions and to propose that this Note and Your Excellency's Note in reply will constitute an agreement between the two Governments as characterized by the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.


Fumihiko Togo^[1]
Ambassador Extraordinary and
Plenipotentiary of Japan

¹ Fumihiko Togo

ANNEX A
DEFINITION

Complete color television receiver

- a) A color television receiver, fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser.
- b) A complete kit of a color television receiver which can be assembled into a fully assembled color television receiver.

Incomplete color television receiver

A color television receiver which, while not complete as defined above, is assembled to a substantially full extent, that is:

- a. a picture tube is packaged together with a significant portion of television receiver electronics, that is, a printed circuit board that performs any of the functions of the intermediate frequency detector and modulator; or
- b. all or part of a chassis frame, if such a chassis frame is required, with a main printed circuit ^{1/} board which is packaged together with one or more of the following components: tuner or channel selector assembly, antenna, deflection yoke, degaussing coils, picture tube mounting bracket, grounding assembly, other parts necessary to fix the picture tube in place, consumer operated

2/ controls, other parts necessary to fix the tuner in
3/ place, and speakers.

1/ When the main printed circuit board is composed of two or more printed circuit boards, the main printed circuit board stated above refers to the multiple number of printed circuit boards.

2/ knobs, levers, and buttons which can be removed by the consumer, with the exception of those connected to the tuner or channel selector assembly.

3/ screws, washers, nuts, bolts and clips.

[Footnotes in the original.]

ANNEX B

The Government of Japan will apply restraints to exports to the United States of color television receivers as defined in Annex A during the periods and at the levels as specified below respectively:

Thousands of Units

Period	Complete color television receivers	Incomplete color television receivers	Total
July 1, 1977 to June 30, 1978	1,560	190	1,750
July 1, 1978 to June 30, 1979	1,560	190	1,750
July 1, 1979 to June 30, 1980	1,560	190	1,750

Remarks: Restraint level is based upon Japanese exports.

*The American Special Representative for Trade Negotiations to the
Japanese Ambassador*

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

May 20, 1977

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

"Excellency,

"I have the honour to refer to the recent discussions between the representatives of the Government of Japan and the Government of the United States of America, during which the Government of Japan informed the Government of the United States of America of unilateral export restraint measures for color television receivers to be taken in accordance with the relevant law of Japan.

"I have further the honour to confirm that the Government of Japan will implement its measures and obligations under the following provisions:

"1. The Government of Japan will apply restraints to exports to the United States from Japan of color television receivers as defined in Annex A (hereinafter referred to as "color television receivers") at the levels as specified in Annex B for the period of three years beginning July 1, 1977, provided that the Government of the United States of America does not take any restrictive measures vis-à-vis imports from Japan of color television receivers.

"2. The Government of Japan will supply the Government of the United States of America with reports on actual export certificates issued to date and their percentage of yearly authorized exports to the United States of color television receivers, no later than thirty days after the end of each month. The Government of Japan will act promptly to provide data on a more current basis to the extent practicable upon

request by the Government of the United States of America, to assure the effectiveness of the provisions of this Note. Monthly customs statistics officially announced on exports to the United States will be supplied promptly by the Government of Japan as they become available. The Government of the United States of America will supply the Government of Japan with monthly reports on imports by principal country of origin no later than thirty days after the end of each month and weekly reports on imports not presented with an invoice with appropriate authorization for export to the United States, no later than fifteen days after the end of each week.

"3. In the event that imports of Japanese color television receivers through third countries or through diversion of shipments en route undermine the objectives of the restraint, the two Governments will work together with a view to finding appropriate remedial measures.

"4. The Government of Japan will make every reasonable effort to see to it that there will be no circumvention by minor modifications of articles covered by Annex A to avoid the effect of the restraint.

"5. The Government of Japan will endeavor to space actual exports over each twelve month period specified in Annex B as evenly as practicable and consistent with seasonal considerations.

"6. (a) Either Government may request consultations on any matters arising from the provisions of this Note. Such consultations will take place at a mutually convenient time no later than thirty days from the date on which such request is made, unless otherwise mutually agreed.

(b) If, in the view of either Government, the economic conditions prevailing at the time of the recent discussions mentioned above have improved substantially, that Government may initiate consultations for review of the provisions of

this Note including the possibility of termination and/or amelioration of the export restraints prior to the expiration of the period of three years.

(c) In the event that the Government of the United States of America considers that the effectiveness of the provisions of this Note is undermined by excessive concentration of color television receiver exports in particular screen sizes or by exports of articles similar or used for like purpose which are not included in the scope of Annex A, that Government may initiate consultations with a view toward the prompt resolution of such problems.

"7. If the Government of Japan considers that, as a result of the application of the provisions of this Note, Japan is placed in an inequitable position vis-à-vis third countries in respect of exports to the United States of color television receivers, the Government of Japan may initiate consultations with the Government of the United States of America.

"8. (a) The two Governments recognize that their rights and obligations under the General Agreement on Tariffs and Trade are not affected by the provisions of this Note.

(b) No provision of this Note will be construed as affecting the respective positions of the two Governments in the Tokyo Round of the Multilateral Trade Negotiations.

"9. (a) Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising out of the implementation of the provisions of this Note, including those concerning differences in procedure, operation, or the application of the definition.

(b) The two Governments may amend the provisions of this Note if such amendments are mutually agreeable.

"10. No provision of this Note will be construed as applying to prices or production of color television receivers, or allocation of shipments among firms selling (except that it

is recognized that such allocations may be deemed necessary and therefore directed by the Government of Japan in its implementation of the provisions of this Note) or buying color television receivers.

"11. Either Government may terminate the provisions of this Note by giving sixty-days' written notice to the other Government.

"12. The foregoing provisions of this Note will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

"13. The provisions of this Note will continue in force through June 30, 1980 unless earlier terminated as provided for in paragraph 11 of this Note.

"I have further the honour to request Your Excellency to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions and to propose that this Note and Your Excellency's Note in reply will constitute an agreement between the two Governments as characterized by the above provisions.

"Accept, Excellency, the renewed assurances of my highest consideration.

"ANNEX A**DEFINITION****Complete color television receiver**

- a) A color television receiver, fully assembled, whether or not packaged or tested for distribution to the ultimate purchaser.
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- b. all or part of a chassis frame, if such a chassis frame is required, with a main printed circuit board^{1/} which is packaged together with one or more of the following components: tuner or channel selector assembly, antenna, deflection yoke, degaussing coils, picture tube mounting bracket, grounding assembly, other parts necessary to fix the picture tube in place, consumer operated controls^{2/}, other parts necessary to fix the tuner in place^{3/}, and speakers.

^{1/} When the main printed circuit board is composed of two or more printed circuit boards, the main printed circuit board stated above refers to the multiple number of printed circuit boards.

^{2/} Knobs, levers, and buttons which can be removed by the consumer, with the exception of those connected to the tuner or channel selector assembly.

^{3/} Screws, washers, nuts, bolts and clips.

"ANNEX B

The Government of Japan will apply restraints to exports to the United States of color television receivers as defined in Annex A during the periods and at the levels as specified below respectively:

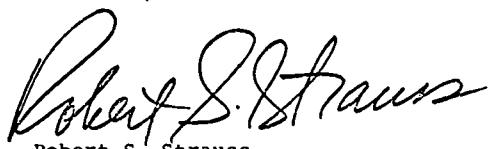
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July 1, 1979 to June 30, 1980	1,560	190	1,750

Remarks: Restraint level is based upon Japanese exports."

I have further the honour to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions and to agree that Your Excellency's Note and this Note will constitute an agreement between the two Governments as characterized in the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.



Robert S. Strauss
The Special Representative
for Trade Negotiations

AGREED MINUTES

The representatives of the Government of Japan and the Government of the United States of America wish to record the following understanding concerning the Notes exchanged on May 20, 1977 (hereinafter referred to as "the Notes exchanged").

1. It is understood that the relevant law of Japan referred to in the preamble of the Notes exchanged means Articles 5-3 and 11 of the Export-Import Transactions Act.
2. It is understood that the term "restrictive measures" as used in paragraph 1 of the Notes exchanged means either additional tariff or quantitative restriction measures applied through the Tariff Schedules of the United States taken on global basis or vis-à-vis Japan.
3. Should significant problems arise due to the time lag between actual export certificates issued and reporting to the Government of the United States of America of such export figures, the Government of the United States of America may request that the Government of Japan initiate special procedures to expedite reporting as provided for in paragraph 2 of the Notes exchanged. Should such a request be made, the Government of Japan will endeavor to assure that export statistics are reported so as to maintain the effectiveness of the provisions of the Notes exchanged.
4. It is understood that the Government of Japan will provide the Government of the United States of America with an English translation of its written directive to the exporters' association to issue certificates, in accordance with paragraph 2 of the Notes exchanged, with individual invoices for exports of color television receivers to the United States, up to the restraint levels specified in Annex B to the Notes exchanged.

5. It is understood that the two Governments will resolve through consultations any problems with respect to documentation of export certificates referred to in paragraph 2 of the Notes exchanged.
6. With reference to paragraph 4 of the Notes exchanged, it is understood that the Government of the United States of America regards the effect of this effort as of critical importance in evaluating the effectiveness of the provisions of the Notes exchanged.
7. With reference to paragraph 7 of the Notes exchanged, it is understood that the Government of the United States of America will take appropriate remedial measures in the event that it is agreed that third countries have increased their color television receiver exports to the United States to the disadvantage of Japanese producers.
8. With reference to paragraph 10 of the Notes exchanged, it is understood that the provisions of the Notes exchanged constitute solely an inter-government agreement. It is further understood that in order to implement its measures and obligations under the provisions of the Notes exchanged, the Government of Japan will have to issue directives to Japanese firms and/or Japanese exporters' and industry associations which are mandatory in nature and a direct consequence of the provisions of the Notes exchanged.
9. With reference to paragraph 11 of the Notes exchanged, it is understood that the Government of Japan may consider it necessary to terminate the provisions of the Notes exchanged, should action taken under United States laws, regulations or administrative procedures adversely impact Japanese trade in color television receivers.

10. With reference to Annex A to the Notes exchanged, it is understood that the two Governments will exchange appropriate information necessary to bring the application of the definition in Annex A into conformance between the two Governments.

Fumio Toyoda
For the Government of
Japan

Robert H. Bass
For the Government of the
United States of America

Washington, D. C., May 20, 1977

[RELATED NOTES]

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

May 20, 1977

Excellency:

On behalf of the Government of the United States of America, I have the honour to inform you of the intention of the Government of the United States of America to undertake the following in connection with the Notes exchanged on May 20, 1977 on color television receivers:

Import statistics from Japan and from all other sources will be collected on a monthly basis as set forth in the Notes exchanged. Should the export restraint levels as specified in Annex B to the Notes exchanged be exceeded, the Government of the United States of America may consider that, for the purposes of United States domestic law, the provisions of the Notes exchanged have become ineffective.

In addition, the following steps will be implemented by the Government of the United States of America:

I. With Respect to Japan

During the period of restraints beginning on July 1, 1977, the Government of the United States of America may restrict entry or withdrawal from warehouse of articles subject to the aforementioned Notes exchanged which have not been authorized for export to the United States pursuant to the provisions of the Notes exchanged. Entry or withdrawal from warehouse of articles on which certificates have not been issued will be refused for the remainder of a restraint year should the total amount of such entry or withdrawal reach 3% of a level equivalent to those specified in Annex

B to the Notes exchanged. Where a problem arises due to differences in the classification of articles under the definition in Annex A to the Notes exchanged, the Government of the United States of America may permit entry of such articles prior to a final classification decision, which will be made following consultations between the two Governments with a view toward reaching a prompt solution to the problem.

II. With Respect to Other Countries

Beginning on July 1, 1977, if the quantity of color television receivers from all other countries, excluding Japan, during a 12 month period appears likely to disrupt the effectiveness of the provisions of the Notes exchanged, the Government of the United States of America may initiate consultations with those countries responsible and may prevent further entries of such articles for the remainder of the restraint period or otherwise moderate or restrict the imports from such countries.



Robert S. Strauss
The Special Representative
for Trade Negotiations

His Excellency
Fumihiro Togo
Ambassador Extraordinary and
Plenipotentiary of Japan

EMBASSY OF JAPAN
WASHINGTON

May 20, 1977

Excellency,

On behalf of the Government of Japan, I have the honour to confirm that the Government of Japan takes it that the Government of the United States of America will take the procedures and measures set forth in your letter of May 20, 1977 in the circumstances described in that letter.

I have further the honour, in this connection, to inform you that the Government of Japan reserves all of its rights under the General Agreement on Tariffs and Trade with respect to the implementation of any of the procedures and measures referred to above.

Fumio Takagi
Ambassador Extraordinary and
Plenipotentiary of Japan

His Excellency
Robert S. Strauss
The Special Representative
for Trade Negotiations

TIAS 8626

EMBASSY OF JAPAN
WASHINGTON

May 20, 1977

Excellency,

I have the honour to confirm the intention of the Ministry of International Trade and Industry that it will guide Japanese firms which plan to make direct investment into the United States in color television receiver production during the effective period of the Notes exchanged, to adopt such production processes as add no less labor content in the United States than the Japanese-affiliated color television receiver manufacturers which are operating commercially in the United States at the time when the Notes exchanged enter into force.

I have further the honour to state that the aforesaid actions will be taken in the scope of the Treaty of Friendship, Commerce and Navigation between Japan and the United States of America signed on April 2, 1953 [¹] and that the aforesaid actions will be taken with the conviction that the Government of the United States of America will not discriminate as between the Japanese affiliated and United States color television receiver manufacturers in the United States.

Fumio Ito
Ambassador Extraordinary and
Plenipotentiary of Japan

His Excellency
Robert S. Strauss
The Special Representative
for Trade Negotiations

¹ TIAS 2863; 4 UST 2063.

CUBA

Maritime Boundary

*Modus vivendi effected by exchange of letters
Signed at Havana April 27, 1977;
Entered into force April 27, 1977.*

The Assistant Secretary of State for Inter-American Affairs to the Cuban Vice-Minister, Ministry of Foreign Affairs

CITY OF HAVANA, CUBA, April 27, 1977

EXCELLENCY:

I have the honor to refer to negotiations which have taken place between our two delegations regarding the need to establish a maritime boundary between the United States of America and the Republic of Cuba as a result of the enactment by the Government of the United States of Public Law 94-265 on April 13, 1976, [1] and by the Government of Cuba of Decree-Law No. 2 of February 24, 1977.

Both sides are in agreement that more technical work is needed before a provisional line can be established, and both have agreed to exchange nautical charts and other appropriate technical data at the earliest practicable time to assist in developing it. Further meetings are contemplated to fix the coordinates of the line with the objective of concluding this work during the course of 1977. In the meantime, I propose as a modus vivendi for 1977 that the simplified line described by the coordinates set out below be accepted as our maritime boundary:

1. 23°56'24"N
81°13'27"W
2. 23°50'00"N
81°50'00"W
3. 23°50'00"N
83°12'10"W
4. 23°51'11"N
83°20'13"W
5. 23°52'49"N
83°31'09"W
6. 23°54'12"N
83°39'45"W

¹ 90 Stat. 331; 16 U.S.C. § 1801 note.

7. 23°56'09" N
83°48'16" W
8. 23°56'11" N
83°48'23" W
9. 23°58'20" N
83°55'52" W
10. 24°03'18" N
84°11'20" W
11. 24°10'22" N
84°29'19" W
12. 24°12'56" N
84°35'44" W
13. 24°14'17" N
84°38'37" W
14. 24°40'23" N
85°31'20" W
15. 24°51'56" N
85°53'45" W
16. 25°10'29" N
86°27'25" W
17. 25°13'03" N
86°32'08" W

It shall be understood by the two Governments that on the north side of the line Cuba would not, and on the south side of the line the United States would not, for any purpose, claim or exercise sovereign rights or jurisdiction over the waters or seabed and subsoil.

Except for the understanding in the preceding paragraph each side reserves its position with respect to the law of the sea.

If the above-mentioned points are acceptable to your side, I have the honor to propose that this letter and your reply constitute an agreement between the two Governments.

Accept, Excellency, the assurances of my highest consideration.

TERENCE A. TODMAN

Dr. PELEGRIÑ TORRAS

Vice-Minister

*Ministry of Foreign Affairs of the
Republic of Cuba
Havana
Cuba*

The Cuban Vice-Minister, Ministry of Foreign Affairs, to the Assistant Secretary of State for Inter-American Affairs

REPUBLICA DE CUBA
MINISTERIO DE RELACIONES EXTERIORES

CIUDAD DE LA HABANA, el 27 de abril de 1977

EXCELENCIA:

Me honro en hacer referencia a la carta de Vuestra Exeelencia de fecha de hoy, relativa a la frontera marítima entre Cuba y los Estados Unidos de América, la cual, traducida al español, reza como sigue:

"EXCELENCIA:

Tengo el honor de referirme a las negociaciones que han sostenido nuestras dos delegaciones relativas a la necesidad de establecer una frontera marítima entre los Estados Unidos de América y la República de Cuba, como resultado de la promulgación por parte del Gobierno de los Estados Unidos de su Ley Pública 94-265 el día 13 de abril de 1976, y por parte del Gobierno de la República de Cuba de su Decreto-Ley 2 del 24 de febrero de 1977.

Ambas partes concuerdan que se necesitará trabajo técnico adicional antes de que una línea provisional pueda ser trazada, y han convenido en canjear a la mayor brevedad practicable, cartas náuticas y otros datos técnicos apropiados para ayudar en el cálculo de la línea.

Se contempla la convocatoria de reuniones ulteriores para establecer las coordenadas de la línea con el propósito de concluir esta tarea durante el curso del año 1977. Mientras tanto, propongo, como un modus vivendi para 1977, que la línea simplificada descrita mediante las coordenadas abajo estipuladas sea aceptada como nuestra frontera marítima:

1. 23°56'24"N
81°13'27"W
2. 23°50'00"N
81°50'00"W
3. 23°50'00"N
83°12'10"W
4. 23°51'11"N
83°20'13"W
5. 23°52'49"N
83°31'09"W
6. 23°54'12"N
83°39'45"W
7. 23°56'09"N
83°48'16"W
8. 23°56'11"N
83°48'23"W

9. 23°58'20''N
83°55'52''W
10. 24°03'18''N
84°11'20''W
11. 24°10'22''N
84°29'19''W
12. 24°12'56''N
84°35'44''W
13. 24°14'17''N
84°38'37''W
14. 24°40'23''N
85°31'20''W
15. 24°51'56''N
85°53'45''W
16. 25°10'29''N
86°27'25''W
17. 25°13'03''N
86°32'08''W

Se entenderá por parte de los dos Gobiernos que, al Norte de la Línea, Cuba, y los Estados Unidos al Sur de ella, no reclamaría ni ejercería para ningún propósito, derechos de soberanía o jurisdicción sobre las aguas o el lecho y subsuelo marítimos.

Salvo el entendimiento que aparece en el párrafo anterior, cada parte reserva su posición relativa al derecho del mar.

Si los puntos arriba mencionados son aceptables a su parte, me honro en proponer que esta carta y la suya que le dé respuesta constituyan un acuerdo entre ambos Gobiernos.

Acepte, Excelencia, las seguridades de mi más alta consideración."

En contestación, me honro en informarle que la propuesta enunciada en la carta de Vuestra Excelencia es aceptable para el Gobierno de la República de Cuba. Por consiguiente, estoy de acuerdo en que la carta de Vuestra Excelencia y la presente contestación constituyen un modus vivendi entre nuestros dos Gobiernos para el año 1977.

Acepte, Excelencia, las seguridades de mi más alta consideración.

PELEGRÍN TORRAS

Sr. TERENCE C. TODMAN
*Subsecretario de Estado Adjunto
para Asuntos Interamericanos*

Translation

REPUBLIC OF CUBA
MINISTRY OF FOREIGN AFFAIRS

HAVANA, April 27, 1977

EXCELLENCY:

I have the honor to refer to Your Excellency's letter of this date concerning the maritime boundary between Cuba and the United States of America which, translated into Spanish, reads as follows:

[For the English language text, see pp. 5285–5286.]

In reply, I have the honor to inform you that the proposal contained in Your Excellency's letter is acceptable to the Government of the Republic of Cuba. Consequently, I agree that Your Excellency's letter and this reply shall constitute a modus vivendi between our two Governments for 1977.

Accept, Excellency, the assurances of my highest consideration.

PELEGRÍN TORRAS

TERENCE C. TODMAN,
*Assistant Secretary of State
for Inter-American Affairs.*

TONGA

**Extradition: Continued Application to Tonga of the
United States-United Kingdom Treaty of December
22, 1931**

*Agreement effected by exchange of notes
Signed at Nuku'Alofa and Wellington March 14 and
April 13, 1977;
Entered into force April 13, 1977.*

*The Tongan Prime Minister and Minister of Foreign Affairs to the
American Ambassador*

PRIME MINISTER'S OFFICE,
NUKU'ALOFA, TONGA.

ORG. 9/0/1.

14th MARCH, 1977.

HIS EXCELLENCY THE AMBASSADOR FOR
THE UNITED STATES OF AMERICA,
Wellington,
New Zealand.

SIR,

I have the honour to refer to the declaration made on 18th June 1970 to the Secretary-General of the United Nations, in which it was stated that the Government of Tonga, conscious of the desirability of maintaining existing legal relationships, and conscious of its obligations under international law to honour its treaty commitments, acknowledged that many treaty rights and obligations of the Kingdom of Tonga, for which the United Kingdom was responsible as the Protecting Power, would be inherited upon withdrawal of that Power's protection, by virtue of customary international law: but that since it is likely that in virtue of customary international law certain treaties might have lapsed at the date of the withdrawal of the aforesaid protection, it seemed essential that each treaty should be subjected to legal examination; and that it was proposed that after this examination would have been completed, to indicate which, if any, of the treaties which might have lapsed by customary international law the Government of Tonga might wish to treat as having lapsed.

The Government of Tonga has examined the extradition treaty entered into between the Government of the United Kingdom and the Government of the United States of America signed at London on December 22, 1931 [¹] and extended to Tonga on August 1, 1966.

I have the honour to inform you that it is the desire of the Government of Tonga that the above treaty should be regarded as in force between our respective countries, and as continuing to regulate extradition arrangements between them pending any new treaty which might be concluded.

I have the honour to suggest that your Government's reply in the above sense and this Note should be considered by our respective Governments as constituting an Agreement to that effect.

Please accept, Your Excellency, the assurances of my highest consideration.

TU'IPELEHAKE [SEAL]

(H.R.H. Prince Tu'i pelehake)
Prime Minister & Minister of Foreign Affairs.

¹ TS 849; 47 Stat. 2122.

*The American Ambassador to the Tongan Prime Minister and Minister
of Foreign Affairs*

No. 01

WELLINGTON, April 13, 1977

YOUR ROYAL HIGHNESS:

I have the honor to refer to Your Royal Highness' letter of March 14, 1977, regarding the continuation in force between the United States of America and the Kingdom of Tonga of the Extradition Treaty signed by the United States and the United Kingdom on December 22, 1931. The Government of the United States of America agrees that the above-mentioned treaty shall be considered as continuing in force between our two Governments. Accordingly, your letter and the present note in reply shall constitute the formal agreement between the two Governments in this matter.

Accept, Your Royal Highness, the renewed assurances of my highest consideration.

ARMISTEAD I. SELDON JR.

His Royal Highness
Prince Tu'iPELEHAKE
Prime Minister and Minister of Foreign Affairs

Nuku'Alofa, Tonga

UNION OF SOVIET SOCIALIST REPUBLICS

Embassy Sites

*Agreement effected by exchange of notes
Dated at Moscow March 30, 1977;
Entered into force March 30, 1977.*

The American Embassy to the Soviet Ministry of Foreign Affairs

Note No. 409

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and, referring to the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on the Reciprocal Allocation for Use Free of Charge of Plots of Land in Moscow and Washington, of May 16, 1969,[¹] and the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on the Conditions of Construction of Complexes of Buildings of the Embassy of the United States of America in Moscow and of the Embassy of the Union of Soviet Socialist Republics in Washington, of December 4, 1972,[²] has the honor to inform the Ministry of the following:

The plot of land known as Mount Alto in Washington, D.C., designated for construction of a complex of buildings of the Embassy of the Union of Soviet Socialist Republics and which is described in attachment III of the Agreement of May 16, 1969, is hereby allocated for use free of charge to the Soviet side. The plot of land located on Konyushkovskaya Ulitsa in the Krasnopresnenskiy region in Moscow designated for construction of a complex of buildings of the Embassy of the United States of America and which is described in attachment I of the Agreement of May 16, 1969, is hereby accepted for use free of charge by the U.S. side.

In accordance with Article III, 2 of the Agreement of May 16, 1969, the date of beginning of the period of use of the plots is March 30, 1977.

¹ TIAS 6693, 6763, 6796, 6872, 6956, 7066; 20 UST 789, 2871, 4067; 21 UST 1159, 2093; 22 UST 366.

² TIAS 7512; 23 UST 3544.

In accordance with Article IV, 4 of the Agreement of December 4, 1972, the date of beginning of construction on the plot known as Mount Alto in Washington will be March 30, 1977, and the date of beginning of construction on the plot on Konyushkovskaya Ulitsa in Moscow will be May 15, 1978.

The preparation for construction on the Moscow plot designated for the complex of buildings of the Embassy of the United States of America will begin not later than October 1, 1977. The scope of this work will be determined later.

In accordance with Article I, 6 of the Agreement of December 4, 1972, both sides agree that the target date for completion of construction of Embassy complexes in Washington and Moscow, respectively, will be July 1, 1982. Residential, school and club buildings of the respective embassies in Washington and Moscow can be occupied at any time after completion and acceptance for their designated use.

The present Note of the Embassy of the United States of America and the corresponding Note of the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics constitute an agreement between the sides on this question, this agreement coming into force on the date of the exchange of notes.

EMBASSY OF THE UNITED STATES OF AMERICA,
Moscow, March 30, 1977.

The Soviet Ministry of Foreign Affairs to the American Embassy

МИНИСТЕРСТВО
ИНОСТРАННЫХ ДЕЛ СССР

№ 16/осма

Министерство Иностранных Дел Союза Советских Социалистических Республик свидетельствует свое уважение Посольству Соединенных Штатов Америки и, ссылаясь на Соглашение между Правительством Союза Советских Социалистических Республик и Правительством Соединенных Штатов Америки о взаимном предоставлении в бесплатное пользование земельных участков в Москве и Вашингтоне от 16 мая 1969 года и на Соглашение между Правительством Союза Советских Социалистических Республик и Правительством Соединенных Штатов Америки об условиях строительства комплексов зданий Посольства Союза Советских Социалистических Республик в Вашингтоне и Посольства Соединенных Штатов Америки в Москве от 4 декабря 1972 года, имеет честь сообщить Посольству следующее.

На настоящим предоставляется в бесплатное пользование американской стороны участок земли, расположенный на Коньковской улице в Краснопресненском районе города Москвы, который предназначен для строительства комплекса зданий Посольства Соединенных Штатов Америки и описание которого дается в приложении I к Соглашению от 16 мая 1969 года, и принимается в бесплатное пользование советской стороной участок земли, известный как Маунт Альто в городе Вашингтоне, округ Колумбия, который предназначен для строительства комплекса зданий Посольства Союза Советских Социалистических Республик и описание которого дается в приложении II к Соглашению от 16 мая 1969 года.

В ПОСОЛЬСТВО СОЕДИНЕННЫХ ШТАТОВ
АМЕРИКИ

г. Москва

В соответствии с пунктом 2 статьи III Соглашения от 16 мая 1969 года датой начала срока пользования земельными участками является 30 марта 1977 года.

В соответствии с пунктом 4 статьи IV Соглашения от 4 декабря 1972 года датой начала строительства на земельном участке, известном как Маунт Альто в Вашингтоне, является 30 марта 1977 года, а датой начала строительства на земельном участке по Конюшковской улице в Москве будет 15 мая 1978 года.

Подготовка к строительству на земельном участке в Москве, предназначенном для комплекса зданий Посольства Соединенных Штатов Америки, начнется не позднее 1 октября 1977 года. Объем этой работы будет определен позднее.

В соответствии с пунктом 6 статьи I Соглашения от 4 декабря 1972 года обе стороны соглашаются, что намечаемой датой завершения строительства комплексов зданий посольств соответственно в Вашингтоне и Москве будет 1 июля 1982 года. Здания жилого дома, школы и клуба посольств соответственно в Вашингтоне и Москве могут заниматься в любое время после их постройки и принятия для использования по назначению.

Настоящая нота Министерства Иностранных Дел Союза Советских Социалистических Республик и соответствующая нота Посольства Соединенных Штатов Америки составляют соглашение между сторонами по этому вопросу, вступающее в силу в день обмена нотами.



Москва, "30" марта 1977 года

TRANSLATION

MINISTRY OF FOREIGN AFFAIRS
OF THE USSR

No. 16/dusa

The Ministry of Foreign Affairs of the Union of Soviet Socialist Republics presents its compliments to the Embassy of the United States of America and, referring to the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the United States of America on the Reciprocal Allocation for Use Free of Charge of Plots of Land in Moscow and Washington of May 16, 1969, and to the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the United States of America on the Conditions of Construction of Complexes of Buildings of the Embassy of the United States of America in Moscow of December 4, 1972, has the honor to inform the Embassy of the following.

A plot of land is herewith allocated for use free of charge to the American side, located at Konyushkovskaya Ulitsa in the Krasnopresnenskiy District of the city of Moscow, which is set aside for the construction of the complex of buildings of the Embassy of the United States of America, and the description of which is given in Attachment I to the Agreement of May 16, 1969, and a plot of land known as Mount Alto in the city of Washington, District of Columbia, is herewith taken over

for use free of charge by the Soviet side, which is set aside for the construction of the complex of buildings of the Embassy of the Union of Soviet Socialist Republics, and a description of which is given in Attachment III of the Agreement of May 16, 1969.

In accordance with Article III, paragraph 2, of the Agreement of May 16, 1969, the date of the beginning of the period of use of the plots of land is March 30, 1977.

In accordance with Article IV, paragraph 4, of the Agreement of December 4, 1972, the date of the beginning of construction on the plot of land known as Mount Alto in Washington is March 30, 1977, and the date of the beginning of construction on the plot of land on Konyushkovskaya Ulitsa in Moscow will be May 15, 1978.

Preparation for construction on the plot of land in Moscow, set aside for the complex of buildings of the Embassy of the United States of America, is to begin no later than October 1, 1977. The volume of this work will be determined later.

In accordance with Article I, paragraph 6, of the Agreement of December 4, 1972, both parties agree that the planned date for completion of the construction of the complexes of buildings of the Embassies in Washington and Moscow respectively, will be July 1, 1982. Residential home, school and club buildings of the Embassies in Washington and Moscow respectively can be occupied any time after their construction and acceptance for their designated use.

This note of the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and the corresponding note of the Embassy of the United States of America constitute an agreement between the parties

on this question, which enters into force on the day of the exchange
of notes.

Moscow, March 30, 1977

[SEAL]

Embassy of the United States of America,
Moscow

TIAS 8629

MEXICO

Air Transport Services

*Agreement extending the agreement of August 15, 1960,
as amended and extended.*

Effectuated by exchange of notes

Signed at México and Tlatelolco March 11 and 18, 1977;

Entered into force March 18, 1977.

*The American Chargé d'Affaires, ad interim, to the Mexican Secretary of
Foreign Relations*

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 461

MEXICO, D.F., March 11, 1977

EXCELLENCY:

I have the honor to refer to the Air Transport Agreement of August 15, 1960 between the Government of the United States of America and the Government of the United Mexican States, as extended and amended, most recently by the exchange of notes dated April 14, 1976 and April 29, 1976^[1] which extended the Agreement through April 30, 1977. The Government of the United States of America proposes that the Air Transport Agreement of August 15, 1960, as amended, be further extended through October 31, 1977.

If the Government of the United Mexican States is in agreement with the terms of the present note, I propose to Your Excellency that this note and the note in reply from Your Excellency communicating your Government's concurrence shall constitute an agreement between our two governments.

This agreement shall enter into effect as from the date of Your Excellency's reply.

¹ TIAS 4675, 5897, 6449, 7167, 8266; 12 UST 60; 16 UST 1715; 19 UST 4623;
22 UST 1492; 27 UST 1586.

Accept, Excellency, the renewed assurances of my highest consideration.

HERBERT B. THOMPSON

Herbert B. Thompson
Chargé d'Affaires, a.i.

His Excellency

Licenciado SANTIAGO ROEL GARCIA,
Secretary of Foreign Relations,
Tlatelolco, D.F.

The Mexican Secretary of Foreign Relations to the American Chargé d'Affaires ad interim

ESTADOS UNIDOS MEXICANOS
SECRETARIA DE RELACIONES EXTERIORES
MEXICO

503535

TLAZELOLCO, D. F., a 18 de marzo de 1977.

SEÑOR ENCARGADO DE NEGOCIOS:

Tengo a honra referirme a la atenta nota de Vuestra Señoría 461, fechada el 11 de marzo de 1977, cuyo texto vertido al español es el siguiente:

“Tengo el honor de referirme al Convenio sobre Transportes Aéreos del 15 de agosto de 1960, en tre el Gobierno de los Estados Unidos de América y el Gobierno de los Estados Unidos Mexicanos, con sus prórrogas y enmiendas, la más reciente efectuada por Canje de Notas del 14 y 29 de abril de 1976, prorrogándolo hasta el 30 de abril de 1977.

El Gobierno de los Estados Unidos de América propone que el Convenio sobre Transportes Aéreos del 15 de agosto de 1960, como fue enmendado, sea prorrogado hasta el 31 de octubre de 1977.

Si el Gobierno de los Estados Unidos Mexicanos está de acuerdo con los términos de la presente nota, propongo a Vuestra Excelencia que esta nota y su nota de respuesta, comunicando el acuerdo de su Gobierno, constituyan un entendimiento entre nuestros dos Gobiernos.

Este acuerdo entrará en vigor en la fecha de la nota de respuesta de Vuestra Excelencia”.

En respuesta, tengo el agrado de comunicar a Vuestra Señoría que mi Gobierno acepta la propuesta anterior y, por lo tanto está de acuerdo en considerar que la nota 461 de Vuestra Señoría antes transcrita y la presente, constituyen una prórroga del Convenio sobre

Transportes Aéreos actualmente en vigor entre nuestros dos Gobiernos, la cual entrará en vigor el día de hoy.

Aprovecho la oportunidad para renovar a Vuestra Señoría el testimonio de mi más alta y distinguida consideración.

S. ROEL

A Su Señoría

HERBERT B. THOMPSON,
*Encargado de Negocios, a.i., de los
Estados Unidos de América,
México, D.F.*

Translation

UNITED MEXICAN STATES

DEPARTMENT OF FOREIGN RELATIONS
MEXICO

TLATELOLCO, D.F., March 18, 1977

SIR:

I have the honor to refer to your note No. 461 of March 11, 1977, the text of which, translated into Spanish, is as follows:

[For the English language text, see pp. 5300-5301.]

In reply, I have the pleasure of informing you that my Government accepts the aforesaid proposal. It therefore agrees to consider that your note No. 461, which is transcribed above, and this note shall constitute an extension of the Air Transport Agreement currently in force between our two Governments, which extension shall enter into force today.

I avail myself of this opportunity to renew to you the assurances of my highest and most distinguished consideration.

S. ROEL

Mr. HERBERT B. THOMPSON,
*Chargé d'Affaires ad interim
of the United States of America
Mexico, D.F.*

CANADA

Reconstruction of Alaska Highway

*Agreement effected by exchange of notes
Signed at Ottawa January 11 and February 11, 1977;
Entered into force February 11, 1977.*

The American Ambassador to the Canadian Secretary of State for External Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 11

Ottawa, January 11, 1977.

Sir:

I have the honor to refer to the discussions between representatives of our two governments regarding bilateral cooperation in the reconstruction of Canadian portions of the Alaska Highway.

As a result of these discussions, I now have the honor to propose that the conditions set forth in the attached annex, which accord with the understandings reached between the representatives of our two governments, should govern such reconstruction. These conditions shall not affect continuing obligations of the two governments regarding the status and use of the Alaska Highway, including the agreements effected by exchanges of notes dated March 17 and 18, 1942; [1]
[2] November 28 and December 7, 1942; and April 10, 1943. [3]

If these conditions are acceptable to your government, I propose that this note, together with its annex, and your reply indicating such concurrence, shall constitute an agreement between our two governments, which shall enter into force on the date of your reply. Accept, Sir, the renewed assurances of my highest consideration.

The Honorable
Donald Jamieson,
Secretary of State
for External Affairs,
Ottawa.

Thomas O. Enders [4]
6/12.

¹ EAS 248; 56 Stat. 1458.

² EAS 382; 57 Stat. 1377.

³ EAS 362; 57 Stat. 1274.

⁴ Thomas O. Enders

ANNEX

Agreed conditions regarding a program of cooperation between the Government of the United States represented by the Federal Highway Administrator, Department of Transportation, and the Government of Canada, represented by the Minister of Public Works, to improve certain highways in Canada to facilitate transportation between and within their respective countries, and to implement the purposes of section 218 of Title 23, United States Code. These shall apply only to the program authorized by that section.

The Government of the United States and the Government of Canada agree as follows:

Article I

For purposes of this Agreement:

1. "Highways" means that portion of the Alaska Highway from the Yukon-Alaska border to Haines Junction in Canada and the Haines Cutoff Highway from Haines Junction in Canada to the British Columbia-Alaska border.

2. "Reconstruction" means the supervising, inspecting, actual rebuilding, paving, and all other work incidental to the reconstruction of the highways (except for providing right-of-way), including but not limited to planning studies, environmental studies, locating, surveying, plan and specification preparation, contracting, financial control, traffic control devices, and those utility relocations which are the responsibility of the Canadian Government.

3. "Maintain such highways" means to perform such work on a year round basis as shall be necessary to keep the completed highway and related facilities in a state of repair and use equivalent to the standards to which they are reconstructed under this Agreement.

Article II

1. The United States and Canada agree to the reconstruction of such Highways in accordance with standards agreed to by them jointly in writing prior to commencement of reconstruction.

2. The United States will pay to Canada the cost of reconstruction out of funds appropriated for that purpose by the Congress of the United States and will

(a) Inform Canada of the amount of funds appropriated from time to time therefor in order that Canada may schedule and perform the reconstruction or such part thereof as may from time to time be paid for out of such appropriated funds,

(b) Provide liaison with Canadian officials responsible for the program to meet and discuss planning, programming and scheduling of reconstruction, and

(c) Process an Environmental Impact Statement in accordance with the laws of the United States and of Canada.

3. Canada will

(a) Provide, without participation of the United States funds appropriated for the reconstruction, all necessary right-of-way for the reconstruction of such highways for a period of 25 years from the date of entry into force of this agreement and thereafter until five years (or such shorter period as the parties may agree upon) after either party shall have notified the other that the right-of-way is no longer required for its purposes for the said highways, whereupon this Agreement shall cease to have force or effect,

(b) Not impose any highway toll, or permit any such toll to be charged for the use of such highways by vehicles or persons,

(c) Not levy or assess, directly or indirectly, any fee, tax, or other charge for the use of such highways by vehicles or persons from the United States that does not apply equally to vehicles or persons of Canada,

(d) Continue to grant reciprocal recognition of vehicle registrations and drivers' licenses in accordance with agreements between responsible authorities in each country,

(e) Maintain such highways after reconstruction while this Agreement remains in force and effect,

(f) Permit those performing the reconstruction to obtain natural construction materials, such as gravel, rock and earth fill, without cost to be used in the reconstruction, provided that the materials required shall be obtained in accordance with the directions and regulations of the appropriate Department of the Government of Canada,

(g) Perform all reconstruction engineering, including preparation of Environmental Assessments and Statements, all necessary surveys, and preparation of reconstruction plans, specifications and estimates,

(h) Commence the reconstruction only after receiving advice from the United States that the Environmental Impact Statement has been satisfactorily processed in accordance with the laws of the United States,

(i) Arrange for the reconstruction to be performed under contracts awarded by competitive bidding insofar as possible and without regard as to whether the contractors are American or Canadian,

(j) Supervise the reconstruction,

- (k) Obtain interim and final concurrence of the United States in the following:
- (1) Programming and scheduling of work.
 - (2) Scope, terms of reference and provisions of the Environmental Assessment and Statement.
 - (3) Alignment of the highways.
 - (4) Contract plans, specifications and estimates.
 - (5) Award of contracts.
 - (6) Acceptance of projects for final payment.

(1) Permit the reasonable access of authorized representatives of the United States to the site of reconstruction and will make available the accounts and records relating to the reconstruction contracts, at all reasonable times, for purposes of inspection, verification and general monitoring of the reconstruction.

4. (1) The United States and Canada will jointly consider the settlement of claims by contractors or other persons arising out of reconstruction contracts and the reconstruction or either of them, and if any such claim cannot be resolved by agreement, the same shall be determined by the Federal Court of Canada in an action by or against Her Majesty the Queen in right of Canada,

(2) All legal costs, and other monies, paid out by Canada to settle any such claim whether pursuant to a final judgment of the Federal Court of Canada, or otherwise, shall be one of the costs of reconstruction for the purposes of this Agreement.

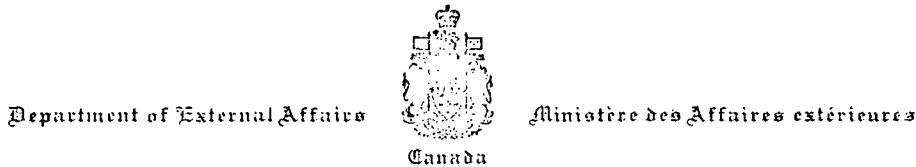
(3) The United States shall not be liable for the payment of such claims or judgments to the extent that they are held by the Federal Court of Canada to be the result of negligence on the part of Canada or its employees during the administration of the reconstruction.

5. The United States and Canada jointly will develop operating procedures consistent with this Agreement, including procedures for resolving disputes between the parties.

Article III

This Agreement shall not be construed so as to vest in the United States any proprietary interest in the highways, and upon completion of the project, or any part thereof, the highways shall remain, in all respects, an integral part of the Canadian Highway System.

The Canadian Secretary of State for External Affairs to the American Ambassador



Ministère des Affaires étrangères

Canada

OTTAWA, February 11, 1977.

Note No. GNU-156

Excellency,

I have the honour to refer to your Note No. 11 of January 11, 1977, concerning bilateral cooperation in the reconstruction of Canadian portions of the Alaska Highway.

I am pleased to inform you that the Government of Canada accepts the proposals set out in your Note and agrees that your Note, together with its Annex, and this reply, which is authentic in English and French, shall constitute an agreement between our two Governments which shall enter into force on today's date.

Accept, Excellency, the renewed assurances of my highest consideration.

A handwritten signature in black ink, appearing to read "Donald Jamieson". Above the signature is a small superscript "[1]". Below the signature is the title "Secretary of State for External Affairs".

[1]
Secretary of State
for External Affairs

His Excellency Thomas O. Enders,
Ambassador of the United States of America,
Ottawa.

¹ Donald Jamieson

French Text of the Canadian Note

Department of External Affairs



Ministère des Affaires étrangères

Canada

OTTAWA, le 11 fevrier 1977

Note n° GNU-156

Excellence,

J'ai l'honneur de faire référence à votre Note n° 11 du 11 janvier 1977 au sujet de la collaboration de nos deux pays à la reconstruction de certains tronçons canadiens de la route de l'Alaska.

J'ai le plaisir de vous informer que les propositions énoncées dans votre Note agréent au Gouvernement du Canada et que ce dernier accepte que votre Note, ainsi que son annexe, et la présente réponse, dont les versions anglaise et française font également foi, constituent entre nos deux gouvernements un Accord qui entre en vigueur à la date de la présente réponse.

Veuillez agréer, Excellence, les assurances renouvelées de ma très haute considération.

Le Secrétaire d'Etat aux
Affaires étrangères,

Son Excellence Thomas O. Enders
Ambassadeur des Etats-Unis d'Amérique
Ottawa.

BAHRAIN

Status of Administrative Support Unit Personnel

Agreement effected by exchange of notes

Signed at Manama June 28, 1977;

Entered into force June 28, 1977.

The American Ambassador to the Bahraini Minister of Foreign Affairs

Note No. 1

Manama, June 28, 1977

Excellency:

I have the honor to refer to recent discussions between our two Governments culminating in the Agreement of June 27, 1977, to terminate as of June 30, 1977, the Agreement of December 23, 1971,^[1] concerning the deployment in Bahrain of the United States Middle East Force. My Government proposes that the provisions of Article Two and Articles Four through Twelve (as amended herein) of the terminated Agreement of December 23, 1971, and procedures for implementing Articles Eight and Eleven thereof, as contained in the exchange of Notes between our two Governments of July 31, 1975,^[2] shall nevertheless continue to be applied by Bahraini authorities in the course of dealing with the status of those U.S. Department of Defense personnel who may reside in or visit Bahrain after June 30, 1977, for purposes related to the functions of the Administrative Support Unit.

My Government further proposes that wherever the phrase "United States Force" appears in the aforementioned Articles, the phrase "Administrative Support Unit" be substituted. In addition, Articles Four and Twelve should be amended to read as follows:

"(4). Passport and visa requirements shall be

¹ TIAS 7263; 22 UST 2184.

² TIAS 8208; 26 UST 3027.

applicable to personnel of the Administrative Support Unit with the exception of the personnel aboard U. S. vessels and aircraft visiting Bahrain, who will be furnished with appropriate identification which shall be produced, upon demand, to the appropriate authorities of the Government of Bahrain.

Personnel of the Administrative Support Unit will be exempt from registration and control as aliens, but will not by reason of their entry into Bahrain be regarded as acquiring any rights to permanent residence in Bahrain."

"(12). The term "personnel of the Administrative Support Unit" means U. S. Department of Defense personnel who may reside in or visit Bahrain after June 30, 1977, for purposes related to the functions of the Administrative Support Unit, including dependents, and including personnel aboard ships and aircraft visiting Bahrain supported by the Administrative Support Unit, but excluding indigenous Bahraini nationals and other persons ordinarily resident in Bahrain territory, provided that such nationals or other persons are not dependents of members of the Administrative Support Unit."

My Government further proposes that our two Governments enter into administrative arrangements which will confirm the authorization of your Government for visits of U. S. vessels and aircraft to Bahrain and for administrative support of Department of Defense personnel in Bahrain for purposes related to the functions of the Administrative Support Unit, and which will provide for compensation to Bahrain in consideration of these arrangements. If the

foregoing is acceptable to the Government of Bahrain,
I have the honor to propose that this Note and your
Note in reply confirming its acceptance will constitute
an Agreement between our two Governments regarding this
matter.

Accept, Excellency, the assurance of my highest
consideration.

Wat T. Cluverius IV

Wat T. Cluverius IV

His Excellency

Shaikh Mohammad bin Mubarak Al Khalifa
The Foreign Minister
Government of the State of Bahrain
Manama

TIAS 8632

The Bahraini Minister of Foreign Affairs to the American Ambassador

No. 2

The Ministry of Foreign Affairs
State of Bahrain.

June 28, 1977.

His Excellency,
Mr. Wat. T. Cluverius IV,
American Ambassador,
Embassy of the United States of America,
Manama, Bahrain.

Excellency,

I have the honour to refer to your Excellency's Note
of to-day's date which reads as follows:

(As in No.1)

I confirm that Your Excellency's Note correctly
represents the conclusions reached by us and I agree that
Your Excellency's Note and my reply shall be regarded as
constituting an Agreement between our two Governments in
this matter.

Accept, Excellency, the assurances of my highest
consideration.



Mohammed bin Mubarak Al-Khalifa
Minister of Foreign Affairs.

[SEAL]

GREECE

Atomic Energy: Continuation of Safeguards and Guarantee Provisions

Agreement effected by exchange of notes

Dated at Athens January 28, 1977;

Entered into force January 28, 1977.

With related notes

Dated at Washington July 16 and 30, 1974.

The Greek Ministry of Foreign Affairs to the American Embassy

MINISTÈRE
DES AFFAIRES ÉTRANGÈRES

5.D.F. 6321/1/118/AS 192

The Ministry of Foreign Affairs present their compliments to the Embassy of the United States of America and have the honor to refer to the request by the Government of Greece for the assistance of the International Atomic Energy Agency in obtaining from the United States approximately 7000 grams of uranium enriched to approximately 90 percent in the isotope uranium 235. The transfer will take place under the terms and conditions in the Agreement for Cooperation in the Civil Uses of Atomic Energy between the United States and the IAEA, which entered into force on August 7, 1959, as amended on February 12, 1974.^[1] The material will be used at the Democritus Nuclear Research Center in the Research Reactor GRR-1, which was transferred to Greece under the Agreement for Cooperation Concerning Civil Uses of Atomic Energy Between the United States and Greece, of August 4, 1955, as amended on June 11, 1960, April 3, 1962, June 22, 1962, June 8, 1964 and September 27, 1968.^[2]

In its Note Number 6327/46/AS1097, dated July 16, 1974, the Government of Greece stated its appreciation of the continuing effect of the safeguards and guarantee provisions of the 1955 Agreement for Cooperation between the United States and Greece, as amended, which expired by its terms on August 3, 1974. The Government of Greece now agrees that the 7000 grams of uranium enriched to approx-

¹ TIAS 4291, 7852; 10 UST 1424; 25 UST 1199.

² TIAS 3310, 4837, 5250, 5251, 6478, 6853; 6 UST 2635; 12 UST 1207; 13 UST 2874, 2876; 19 UST 4785; 21 UST 836.

imately 90 percent in the isotope u-235 requested from the United States for the GRR-1 Reactor will be held subject to the terms and conditions of Articles II, VI, and VII of the expired 1955 Agreement for Cooperation between the United States and Greece, as amended.

The Government of Greece wishes to confirm to the Government of the United States its understanding that pursuant to the undertaking in the previous paragraph, no material used or produced in the GRR-1 Reactor will be used for atomic weapons or other nuclear explosive devices, for research or development of atomic weapons or other nuclear explosive devices, or for any other military purpose.

The Government of Greece also wishes to assure the Government of the United States of its desire and intention to apply adequate levels of physical security, as will be agreed between the Government of Greece and the Government of the United States, to the nuclear material used in the GRR-1 Reactor.

The Ministry of Foreign Affairs avail themselves of this opportunity to renew to the Embassy of the United States of America the assurances of their highest consideration.

To THE EMBASSY
OF THE UNITED STATES OF AMERICA
Athens

The American Embassy to the Greek Ministry of Foreign Affairs

Note No. 22

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to acknowledge the Ministry's Note 5.D.F. 6321/1/118/AS 192 concerning the request by the Government of Greece for the assistance of the International Atomic Energy Agency in obtaining from the United States approximately 7000 grams of uranium enriched to approximately 90 percent in the isotope uranium-235. The Government of the United States notes with appreciation the additional undertakings of the Government of Greece with regard to this uranium and wishes to state that it is in agreement with these provisions.

The Embassy of the United States of America avails itself of this occasion to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

EMBASSY OF THE UNITED STATES OF AMERICA,
ATHENS, January 28, 1977.

[RELATED NOTES]

EMBASSY OF GREECE
WASHINGTON, D.C.

Ref: 6327/46/AS1097

The Chargé d'Affaires a.i. of Greece presents his compliments to His Excellency the Secretary of State and has the honor to refer to the "Agreement for Cooperation between the Government of the Kingdom of Greece and the Government of the United States of America Concerning Civil Uses of Atomic Energy" which was signed at Washington on August 4, 1955, as amended by the agreements signed on June 11, 1960, April 3, 1962, June 22, 1962, June 8, 1964 and September 27, 1968.

The Chargé d'Affaires a.i. wishes to state that the Government of the Hellenic Republic appreciates the continuing effect of the safeguards and guarantee provisions of the Agreement for Cooperation of August 4, 1955, as amended, and states that it will hold the material, equipment and devices it has received thereunder subject to the terms and conditions of that Agreement and to the "Protocol Suspending the Agreement between the International Atomic Energy Agency, the Government of the Kingdom of Greece and the Government of the United States of America for the Application of Safeguards and Providing for the Application of Safeguards Pursuant to the Non-Proliferation Treaty", signed at Vienna on March 1, 1972,^[1] pending the coming into force of the Agreement for Cooperation signed at Washington on July 12, 1974.

The Chargé d'Affaires a.i. of Greece avails himself of this opportunity to renew to the Secretary of State the assurances of his highest consideration.

JULY 16, 1974.

[SEAL]

The Secretary of State presents his compliments to the Charge d'Affaires ad interim of Greece and acknowledges his note of July 16, 1974, referring to the "Agreement for Cooperation Between the Government of the United States of America and the Government of the Kingdom of Greece Concerning Civil Uses of Atomic Energy" signed at Washington on August 4, 1955, as amended by the agreements signed on June 11, 1960, April 3, 1962, June 22, 1962, June 8, 1964 and September 27, 1968.

The Government of the United States of America notes with appreciation the statement of the Government of the Hellenic Republic that it recognizes the continuing effect of the safeguards and guarantee provisions of the Agreement for Cooperation of August 4, 1955, as

¹ TIAS 7290; 23 UST 169.

amended, and that it will hold any material, equipment and devices it has received thereunder subject to the terms and conditions of that Agreement and to the "Protocol Suspending the Agreement Between the International Atomic Energy Agency, the Government of the Kingdom of Greece and the Government of the United States of America for the Application of Safeguards and Providing for the Application of Safeguards Pursuant to the Non-Proliferation Treaty," signed at Vienna on March 1, 1972, pending the coming into force of the Agreement for Cooperation signed at Washington on July 12, 1974.

H D B

DEPARTMENT OF STATE,
WASHINGTON, *July 30, 1974.*

SYRIA
Cultural Relations

*Agreement signed at Damascus May 12, 1977;
Entered into force May 12, 1977.*

THE CULTURAL AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA AND THE SYRIAN ARAB REPUBLIC

The Government of the United States of America and the Government of the Syrian Arab Republic, desiring to promote better understanding between the American people and the Syrian Arab people, and to improve the general state of relations between both countries; both believing that further expansion of contacts, exchanges, and beneficial fruitful cooperation between them will facilitate the achievement of these aims; taking into account the positive experiences achieved through special agreements on exchanges in the scientific, technical, educational, cultural and other fields; have agreed as follows:

Article I

1. The parties will encourage and develop contacts, exchanges and cooperation in the fields of science, education, and culture, and in other fields of mutual interest.

2. The contacts, exchange, and cooperation are subject to laws and procedures in force in the countries of both parties. Both parties will exert every possible effort to provide favorable conditions for the achievement of this exchange.

Article II

1. The parties will encourage and facilitate the expansion of contacts, exchange, and cooperation in various fields of education. To this end, both parties will:

A. Provide for the exchange of students, researchers, and faculty members for study and research; professors and teachers to lecture, teach, and conduct researches as provided in the Fulbright-Hays Act on educational exchange in the United States^[1] and in the appropriate laws and decrees in the Syrian Arab Republic.

B. Facilitate the exchange, by appropriate organizations, of education and teaching materials, including textbooks, syllabi and curricula, materials on methodology, samples of teaching instruments and visual aids.

2. Both parties will also encourage the study of each other's language through the development of the exchanges and cooperation mentioned above and through other mutually agreed measures.

Article III

In order to achieve better mutual acquaintance with the cultural achievements of each country, the parties will:

1. Encourage the development of exchanges in artistic performance such as theatrical, musical and choreographic ensembles, orchestras and entertainment groups and exchange of individuals.

2. Facilitate the exchange of exhibitions and museum items.

^[1] 75 Stat. 527; 22 U.S.C. § 2451 note.

3. Promote mutual visits of artists, writers, and specialists in all academic disciplines, especially when such visits are undertaken for participation in conferences and symposia.
4. Render assistance for officials of national and local governments wishing to study the various functions of governmental administration in both countries.
5. Encourage visits and exchanges of athletes, athletic teams, teachers and specialists in various sports affairs.

Article IV

In order to implement this agreement, each of the contracting parties will assign an accredited representative of the government to prepare periodic programs for cultural cooperation, and to study the financial, technical, and administrative affairs connected with implementation.

Time and place of the working meetings for those representatives will be scheduled through diplomatic channels.

Article V

1. This agreement shall enter into force on signature. Either party may terminate the agreement upon six months written notice to the other party.

The agreement may be modified by mutual agreement of both parties.

2. Nothing in this agreement shall be construed to prejudice other agreements concluded between both parties.

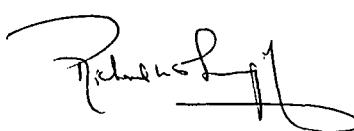
Done this twelfth day of May, 1977, at Damascus in duplicate in the English and Arabic languages, both texts being equally authentic:

FOR THE GOVERNMENT OF THE
SYRIAN ARAB REPUBLIC:



DEPUTY MINISTER OF EDUCATION

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



AMERICAN AMBASSADOR

Eid Abdo

Richard W. Murphy

- ٢ - بتعزيز الزيارات المتعددة للفنانين والكتاب والمختصين في جميع الفروع الأكاديمية ، وخاصة عدما
تم هذه الزيارات بهدف الاشتراك في المؤتمرات والندوات .
- ٤ - بتقديم المساعدة لموظفي الحكومتين القوية وال محلية الراغبين في دراسة المهام المختلفة لسادارة
المkovim في كلا البلدين .
- ٥ - بتشجيع زيارة وتبادل الرياضيين والفرق الرياضية والدعاين والمختصين في الشؤون الرياضية
المختلفة .

المادة الرابعة :

بقصد تنفيذ هذا الاتفاق ، يعين كل من الطرفين المتعاقدين ممثلين متعديين من قبل حكومته ،
لإعداد برامج دورية للتعاون الثقافي ودراسة القضايا المالية والإدارية والفنية العائدة للتنفيذ .
يحدد مكان وزمان اجتماعات العمل لهؤلاء الممثلين ، بالطرق الدبلوماسية .

المادة الخامسة :

- ١ - يدخل هذا الاتفاق في حيز التنفيذ فور توقيعه ، ويحق لأى من الطرفين أن يلغى الاتفاق
بعد ستة أشهر من إخطار الطرف الآخر خطيا ، كما يمكن تعديله بناء على الاتفاق المشترك
بين الطرفين .
- ٢ - لا شيء في هذا الاتفاق يجب أن يفسر على أنه يوثر في اتفاقيات الأخرى المبرمة بين
الطرفين .

حرر بطنجة ١٤ آب/أغسطس ١٩٧٧ في دمشق على نسختين أصليتين باللغتين الإنكليزية والعربية ،
ولكل النصين مفعول واحد .

عن حكومة
الولايات المتحدة الأمريكية

Richard H. Murphy
سفير الولايات المتحدة الأمريكية

عن حكومة
الجمهورية العربية السورية

معاون وزير التربية

ريشارد و. مورفي

محمد محمد

الاتفاق الثقافي

بين

**الولايات المتحدة الاميريكية
والجمهورية العربية السورية**

ان حكومتي الولايات المتحدة الاميريكية والجمهورية العربية السورية، رغبة ملتها في تحقيق تفاهم أفضل بين الشعبين الاميركي والعربي السوري ، وتحسين الحالة العامة للعلاقات بين البلدين ، وايمانا منها بأن توسيع الاتصال والتبادل والتعاون المترافق بينهما من شأنه أن يسهل انجاز هذه الأهداف ،
ويعزز الأخذ في الاعتبار ، التجارب الايجابية التي تتحقق من خلال اتفاقات الخاصة بالتبادل في المجالات العلمية والتربية والثقافية وغيرها ، اتفق على ما يلي :

المادة الاولى :

- ١ - يشجع الطرفان ويسهلان على تنمية الاتصال والتبادل والتعاون في مجالات العلم والتربية والثقافة وفي المجالات الأخرى ذات المصلحة المشتركة *
- ٢ - يخضن هذا الاتصال والتبادل والتعاون للقوانين والأنظمة المرعية الإجراء في بلدي الطرفين *
يبذل الطرفان كل جهد ممكن لتهيئة الظروف المواتية لإنجاز هذا التبادل *

المادة الثانية :

- ١ - يشجع الطرفان ويسهلان توسيع الاتصال والتبادل والتعاون في المجالات المخططة للتربية ، وتحقيقاً لهذا الهدف يقومان :
- ٢ - بـالإعداد لتبادل الطلاب والباحثين وأعضاء الكليات ، للدراسة والبحث ، وذلك
- اساتذة الجامعات والمعلمين للفاعلية المحاضرات والتدريس واجراء الابحاث ، حسب قانون (فولبرايت) هيز للتتبادل التربوي في الولايات المتحدة) والقوانين والمراسيم في الجمهورية العربية السورية *
- بـ عن طريق الهيئات المختصة ، بتسهيل تبادل مواد التعليم والتربية ، بما في ذلك الكتب المدرسية والمناهج والمقررات ، ومواد الميدود ولوجيا (علم العدج) وعينات أدوات التعليم ، والوسائل البصرية المعينة *
- ٣ - يشجع الطرفان دراسة لغة كل من بلديهما من قبل الآخر من خلال تنمية التبادل والتعاون حسب ماورد آنفا وبواسطة الاجرامات الأخرى المتفق عليها بين الطرفين *

المادة الثالثة :

- بهذه التوصل الى تعرف مشترك وأفضل للمنجزات الثقافية لكل من البلدين ، يقوم الطرفان :
- ١ - بـتشجيع تنمية التبادل في الاذاعات التي تتبادل الفرق المسرحية والموسيقية والراقصة والوركسترات والفرق الترفيهية وتبادل الأفراد *
 - ٢ - بـتسهيل تبادل المعارض ولوائمه المطاحف *

JAPAN

Joint Committee on Cultural and Educational Cooperation

Agreement amending the agreement of November 8, 1968.

Effectuated by exchange of notes

Signed at Tokyo February 25, 1977;

Entered into force February 25, 1977.

*The American Chargé d'Affaires ad interim to the Japanese Vice-Minister
for Foreign Affairs*

EMBASSY OF THE
UNITED STATES OF AMERICA

TOKYO, February 25, 1977

His Excellency

Mr. SHOJI SATO

Vice-Minister for Foreign Affairs of Japan

EXCELLENCY:

I have the honor to refer to the Notes exchanged on November 8, 1968,^[1] establishing a Joint Committee on Japan-United States Cultural and Educational Cooperation which, together with the previously established Japan-United States Cultural and Educational Conference whose delegations are in practice identical to the Panels of the Joint Committee, plays an increasingly significant role in the promotion of cultural relations between the United States and Japan, and, in accordance with the recommendation made by the 8th meeting of the above-mentioned Conference concerning certain modifications with respect to the provisions of the above-mentioned Notes, to propose the following modifications to the provisions of the above-mentioned Notes.

1. Paragraphs 2B and 2C shall be deleted and replaced by the following:

"The members of the Japan Panel and the United States Panel shall be drawn from among the fields mentioned below in such

¹ TIAS 6597; 19 UST 7549.

a way as to assure a diverse composition in the membership. In no event shall there be more than four members in either national Panel from government offices:

- (1) Government offices
- (2) Foundations
- (3) Academic and educational circles
- (4) Business, labor and professional circles
- (5) Political circles
- (6) Mass media circles
- (7) Artistic circles
- (8) Experts on American Studies and experts on Japanese Studies."

2. Paragraph 2D(2) shall be amended by the addition of the following:

"However appointment to, reappointment to and termination of the United States Panel membership shall be subject to the constitutional processes of the United States; and appointments and reappointments to membership shall not be made for more than six years of consecutive service, provided that members serving on the effective date of this Exchange of Notes may be reappointed for one additional term."

3. Paragraph 3A shall be deleted and replaced by the following:

"At least seven members each from the Panel of the respective sides shall meet in Hawaii or in any other location to be agreed upon between the two Panels in the year the Japan-United States Cultural and Educational Conference is not held."

4. Paragraph 3C shall be deleted and replaced by the following:

"Communications between the two countries concerning activities of the Joint Committee shall be carried out by the chairman of the two Panels, by the two governments, or by offices or organizations, such as the Japan Society, which may be designated by each government to provide support for the meetings and activities of the Japan-United States Cultural and Educational Conference and the Joint Committee."

If the Government of Japan is agreeable to the foregoing proposals, I suggest that the present Note and Your Excellency's Note in reply to that effect should constitute an agreement between our two Governments which shall take effect on the date of Your Excellency's reply.

I avail myself of this opportunity to extend to Your Excellency the assurances of my highest consideration.

THOMAS P. SHOESMITH

Thomas P. Shoesmith

Chargé d'Affaires ad interim

日本国外務事務次官

アメリカ合衆国臨時代理大使

トーマス・P・シュースミス閣下

佐藤
正二

事務局若しくは団体（例えばジャパン・ソサエティ）に
より行われる。」

本使は、日本国政府が前記の提案に同意するときは、この
書簡及びその旨の閣下の返簡が両政府間の合意を構成し、そ
の合意が閣下の返簡の日付の日に効力を生ずることを提案し
ます。

本官は、日本国政府がこれらの提案に同意し、かつ、閣下の
書簡及びこの返簡が両政府間の合意を構成し、その合意がこの
返簡の日付の日に効力を生ずることに同意する光榮を有します。
本官は、以上を申し進めるに際し、ここに閣下に向かつて敬
意を表します。

千九百七十七年二月二十五日に東京で

4

3

「 ただし、合衆国のパネルの委員の委嘱、再度委嘱及び任期終了は、合衆国の憲法手続に従つて行われる。また、継続して六年を超える任期の委嘱及び再度委嘱を行つてはならない。ただし、この交換公文の発効の日に委員である者については、更に一期再度委嘱できる。」

3 Aを削除し、次の規定により置き換える。

「 各国別パネルの委員の少なくとも各七人が、日米文化教育会議が開催されない年にハワイ又は両パネル間で合意されるその他の場所で会合する。」

3 Cを削除し、次の規定により置き換える。

「 合同委員会の活動に関する両国間の連絡は、両パネルの委員長、両政府又は日米文化教育会議及び合同委員会の会合及び活動を支持するため各政府により指定される

2

多様な構成を確保するため次の各分野の中から委嘱する。
いすれの国別パネルにおいても、政府機関からの委員が
四名を超えてはならない。

政府機関

財団

学界及び教育界

財界、労働界及び自由職業者

政界

マス・メディア界

芸術界

アメリカ合衆国に関する研究の専門家及び日本国に

関する研究の専門家」

次の規定の追加により 2 D(2) を修正する。

*The Japanese Vice-Minister for Foreign Affairs to the American
Chargé d'Affaires ad interim.*

の書簡をもつて啓上いたします。本官は、本日付けの閣下の次の書簡を受領したことを確認する光榮を有します。

本使は、日米文化教育協力に関する合同委員会（同合同委員会は、代表団が合同委員会のパネルと実際上同一であるさきに設立された日米文化教育会議とともに、合衆国と日本国との間の文化関係の促進にますます重要な役割を果たしています。）の設立のための千九百六十八年十一月八日付けの交換公文に言及するとともに、同交換公文の規定についての若干の修正に關して日米文化教育会議の第八回会合により行われた勧告に従い、同交換公文の規定に対する次の修正を提案する光榮を有します。

1 2 B 及び 2 C を削除し、次の規定により置き換える。

「日本国のパネル及び合衆国のパネルの委員は、委員の

TRANSLATION

Tokyo, February 25, 1977

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honor to refer to the Notes exchanged on November 8, 1968, establishing a Joint Committee on Japan-United States Cultural and Educational Cooperation, which, together with the previously established Japan-United States Cultural and Educational Conference whose delegations are in practice identical to the Panels of the Joint Committee, plays an increasingly significant role in the promotion of cultural relations between the United States and Japan, and, in accordance with the recommendation made by the 8th meeting of the above-mentioned Conference concerning certain modifications with respect to the provisions of the above-mentioned Notes, to propose the following modifications to the provisions of the above-mentioned Notes.

1. Paragraphs 2B and 2C shall be deleted and replaced by the following:

His Excellency

Mr. Thomas P. Shoesmith
Chargé d'Affaires ad interim of
the United States of America

"The members of the Japan Panel and the United States Panel shall be drawn from among the fields mentioned below in such a way as to assure a diverse composition in the membership. In no event shall there be more than four members in either national Panel from government offices:

- (1) Government offices
- (2) Foundations
- (3) Academic and educational circles
- (4) Business, labor and professional circles
- (5) Political circles
- (6) Mass media circles
- (7) Artistic circles
- (8) Experts on American Studies and experts on Japanese Studies."

2. Paragraph 2D(2) shall be amended by the addition of the following:

"However appointment to, reappointment to and termination of the United States Panel membership shall be subject to the constitutional processes of the United States; and appointments and re-appointments to membership shall not be made for more than six years of consecutive service, provided that members serving on the effective date of this

Exchange of Notes may be reappointed for one additional term."

3. Paragraph 3A shall be deleted and replaced by the following:

"At least seven members each from the Panel of the respective sides shall meet in Hawaii or in any other location to be agreed upon between the two Panels in the year the Japan-United States Cultural and Educational Conference is not held."

4. Paragraph 3C shall be deleted and replaced by the following:

"Communications between the two countries concerning activities of the Joint Committee shall be carried out by the chairmen of the two Panels, by the two governments, or by offices or organizations, such as the Japan Society, which may be designated by each government to provide support for the meetings and activities of the Japan-United States Cultural and Educational Conference and the Joint Committee."

If the Government of Japan is agreeable to the foregoing proposals, I suggest that the present Note and Your Excellency's Note in reply to that effect should constitute an agreement between our two Governments which shall take effect on the date of Your Excellency's reply."

I have further the honor to inform Your Excellency that the Government of Japan concurs in those proposals and agrees that Your Excellency's Note and the present Note shall constitute an agreement between our two Governments which shall take effect on the date of this reply.

I avail myself of this opportunity to extend to Your Excellency the assurances of my highest consideration.

Shoji Sato
Vice-Minister for
Foreign Affairs of Japan

REPUBLIC OF CHINA

Trade in Cotton, Wool and Man-Made Fiber Textiles

Agreement modifying the agreement of May 21, 1975, as modified.

Effectuated by exchange of notes

Signed at Washington February 3, 1977;

Entered into force February 3, 1977.

The Secretary of State to the Chinese Ambassador

FEBRUARY 3, 1977

EXCELLENCY:

I have the honor to refer to the bilateral agreement of May 21, 1975, as amended,^[1] between our two governments on trade in cotton, wool and man-made fiber textiles, hereinafter referred to as the Agreement, and to discussions between representatives of our two governments from November 3 through 5, 1976, in Washington, D.C., pursuant to paragraph 9 of the Agreement. As a result of these discussions I wish to propose the following for the third agreement year (January 1, 1977 through December 31, 1977).

1. The consultation levels will be as follows:

A. For the Categories specified below:

Category	Level
(Square Yards Equivalent)	
26/27	15,000,000
31	1,100,000
54	1,800,000
55	1,400,000
62	1,000,000
64	4,000,000
125	2,000,000
210	3,000,000
214	6,500,000
238	15,000,000
240	24,000,000
243	10,000,000
(sub-level for fishnets, TSUSA No. 355.4560)	(561,600)

¹ TIAS 8033, 8218; 26 UST 281, 3858.

B. The consultation levels for those categories without specific limits not mentioned in paragraph 1. A above remain the same for the third agreement year as for the second agreement year unless the two governments shall agree otherwise during the third agreement year.

2. None of the increase in Category 210 over the level for the second agreement year will be used for impression fabric (TSUSA Numbers 338.3014 and 338.3016).

If the foregoing proposal is acceptable to your Government, this note and your note of acceptance on behalf of the Government of the Republic of China shall constitute an agreement between our two Governments pursuant to paragraph 9 of the Agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

STEPHEN W. BOSWORTH

His Excellency

JAMES C. H. SHEN

Ambassador of the Republic of China.

The Chinese Ambassador to the Secretary of State



**Embassy of the Republic of China
Washington, D.C. 20008**

February 3, 1977

Excellency:

I have the honor to acknowledge receipt of Your Excellency's

Note of today's date, which reads as follows:

"Excellency:

I have the honor to refer to the bilateral agreement of May 21, 1975, as amended, between our two governments on trade in cotton, wool and man-made fiber textiles, hereinafter referred to as the Agreement, and to discussions between representatives of our two governments from November 3 through 5, 1976, in Washington, D.C., pursuant to paragraph 9 of the Agreement. As a result of these discussions I wish to propose the following for the third agreement year (January 1, 1977 through December 31, 1977).

1. The consultation levels will be as follows:

A. For the Categories specified below:

<u>Category</u>	<u>Level</u> (Square Yards Equivalent)
26/27	15,000,000
31	1,100,000
54	1,800,000
55	1,400,000
62	1,000,000
64	4,000,000
125	2,000,000
210	3,000,000
214	6,500,000
238	15,000,000

The Honorable Cyrus R. Vance
Secretary of State

<u>Category</u>	<u>Level</u> (Square Yards Equivalent)
240	24,000,000
243	10,000,000
(sub-level for fishnets, TSUSA No. 355.4560)	(561,600)

B. The consultation levels for those categories without specific limits not mentioned in paragraph 1. A above remain the same for the third agreement year as for the second agreement year unless the two governments shall agree otherwise during the third agreement year.

2. None of the increase in Category 210 over the level for the second agreement year will be used for impression fabric (TSUSA Numbers 338.3014 and 338.3016).

If the foregoing proposal is acceptable to your Government, this note and your note of acceptance on behalf of the Government of the Republic of China shall constitute an agreement between our two Governments pursuant to paragraph 9 of the Agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:"

I further have the honor, on behalf of my Government, to accept Your Excellency's proposal and to confirm that Your Excellency's Note and this Note in reply shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

James C. H. Shen
James C. H. Shen
Ambassador of the
Republic of China

PORUGAL

Cultural Relations: Physical Education and Sports

*Protocol signed at Lisbon December 22, 1976;
Entered into force December 22, 1976.*

SPORTS PROTOCOL BETWEEN
THE GOVERNMENTS OF
PORTUGAL AND THE UNITED STATES OF AMERICA

In discussions carried out between representatives of the Governments of Portugal and the United States of America concerning relations between these two countries in the field of physical education and sports and recognizing that (within the United States sports activities are conducted by private individuals and institutions free of governmental influence, guidance and regulations, where in Portugal there is a ministry which supervises non-governmental activities) there is great interest in strengthening relations. Therefore it is the intent of both governments:

1. To encourage the people of Portugal and the people of the United States of America to meet in friendly competition and cooperation through sports, and by this means to foster mutual understanding between them;
2. To encourage the expansion of knowledge within each country of the accomplishments and skills of the other country in the field of sports and leisure time activities;

3. To promote and facilitate exchanges in various sports activities such as basketball, swimming, track and field, tennis, rowing, hockey on roller skates, handball, soccer and other sports, to the extent permitted by available private or public resources; specifically, exchanges of

- A) Coaches, trainers, and instructors for clinics and workshops;
- B) Players and teams, for purposes of friendly competition and mutual professional experience;
- C) Umpires and referees;
- D) Training films on sports techniques;

4. To promote and facilitate exchanges of information, to the extent permitted by available private or public resources; specifically

- A) Information and experiences in specialized areas, such as, but not limited to, sports for the handicapped and medical science sports information;
- B) Information and techniques for the organization of academic sports programs and physical fitness programs;
- C) Information on life-long physical fitness programs;
- D) Information on the umpiring and refereeing of sports;
- E) Information on the organization and management of recreational sports facilities;

5. To facilitate these exchanges by encouraging private institutions to engage in them to the maximum extent possible and to make available information on facilities, courses of instruction, or sports-related opportunities which may be of interest to nationals of the other country;

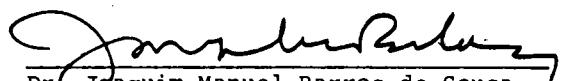
6. Twice yearly, in July and December, representatives of both governments will meet to discuss program activities within this agreement.

The responsibilities assumed by each party will be executed within the framework of its domestic policy and legislation, procedures and practices.

This protocol was signed in Lisbon, December 22, 1976.

For Portugal:

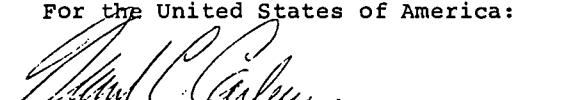
[SEAL]



Dr. Joaquim Manuel Barros de Sousa
Secretary of State for Youth and Sports

For the United States of America:

[SEAL]



Frank C. Carlucci
Ambassador of the United States of America

PROTOCOLO DESPORTIVO ENTRE OS GOVERNOS DE PORTUGAL E DOS
ESTADOS UNIDOS DA AMÉRICA

Nas conversações levadas a efeito por representantes dos Governos dos Estados Unidos da América e de Portugal, acerca das relações entre os dois países no domínio da Educação Física e Desportos, reconheceu-se que, não obstante diferenças estruturais no aspecto de organização do sector, (nos E.U.A. as actividades desportivas são organizadas por entidades privadas e instituições livres de influência, orientação ou regulamentação do Governo, ao passo que em Portugal existe um Ministério de tutela para as actividades privadas), há o maior interesse no estreitamento de relações.

Assim, é intenção de ambos os Governos:

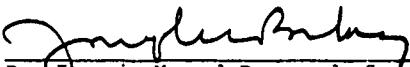
1. Encorajar os povos dos E.U.A. e de Portugal a encontrarem-se em amigável competição e cooperação através do desporto, como meio de promoverem a compreensão mútua.
2. Encorajar, em cada país, a divulgação das realizações e das práticas do outro, no domínio das actividades desportivas e de ocupação de tempos livres.
3. Promover e facilitar o intercâmbio em várias modalidades desportivas (nomeadamente atletismo, basquetebol, natação, remo, ténis, hóquei em patins, andebol e futebol) dentro dos recursos existentes, privados ou públicos. Especificamente, intercâmbio de:
 - a) técnicos e treinadores
 - b) atletas e equipas, com o propósito de competição amigável e uma mútua experiência profissional
 - c) árbitros
 - d) filmes sobre técnicas desportivas
4. Promover e facilitar troca de informações, dentro dos limites permitidos pelos recursos existentes, privados ou públicos, nomeadamente:

- a) informação e actividades em áreas especializadas, tais como, (mas não limitadas por), desportos para os diminuídos e informação sobre a ciência médica e o desporto;
 - b) informação e técnicas sobre a organização de programas de educação física e desporto escolar;
 - c) informação sobre programas de educação física para todas as idades;
 - d) informação sobre arbitragem;
 - e) informação sobre a organização e direcção de instalações para desporto recreativo.
5. Facilitar este intercâmbio por meio do encorajamento às instituições privadas para que nele participem no máximo possível, e fornecer elementos sobre instalações, cursos de instrução, e oportunidades relacionadas com o desporto, que possam ser de interesse para os nacionais do outro país.
6. Anualmente, nos meses de Julho e Dezembro, realizar-se-ão encontros entre representantes dos dois Governos, com a finalidade de programarem acções no âmbito do presente protocolo.
7. As responsabilidades assumidas por cada parte serão levadas a efeito no enquadramento das respectivas política interna e legislação, métodos e práticas.

Este acordo foi assinado, em Lisboa, no dia 22 de Dezembro de 1976.

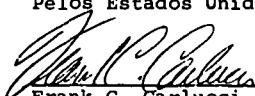
Por Portugal:

[SEAL]


Dr. Joaquim Manuel Barros de Sousa
Secretário de Estado da Juventude
e Desportos

Pelos Estados Unidos da América:

[SEAL]


Frank C. Carlucci
Embaixador dos Estados Unidos da
América

TIAS 8637

TUNISIA

Agricultural Commodities

*Agreement signed at Tunis January 21, 1977;
Entered into force January 21, 1977.*

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF TUNISIA FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE P.L. 480 TITLE I PROGRAM

The Government of the United States and the Government of Tunisia agree to the sales of agricultural commodities specified below. This Agreement shall consist of the Preamble, Parts I and III of the Title I Agreement signed on June 7, 1976, [¹] together with the following Part II:

Part II — Particular Provisions:

I. Commodity Table:

Commodity	Supply Period (U.S. Fiscal Year)	Approximate Maximum Quantity (Metric Tons)	Maximum Export Market Value (Millions)
Wheat	1977	40,000	Dols. 4.8

II. Payment Terms: Dollar Credit

1. Initial Payment – 20 Percent
2. Currency Use Payment – None
3. Number of Installment Payments – 19
4. Amount of Each Installment Payment – Approximately equal annual amounts.
5. Due Date of First Installment Payment – Two years From date of last delivery of commodities in each calendar year.
6. Interest Rate – Three Percent

¹ TIAS 8506; 28 UST 1233.

III. Usual Marketing Table:

Commodity	Import Period (U.S. Fiscal Year)	Usual Marketing Requirement (Metric Tons)
Wheat/Wheat Flour (Grain Basis)	1977	201, 000

IV. Export Limitations:

A. The export limitation period shall be U.S. Fiscal Year 1977 or any subsequent U.S. Fiscal Year during which commodities financed under this Agreement are being imported or utilized.

B. For the purpose of Part I, Article III (A) (4) of the Agreement, the commodities which may not be exported are: for wheat—wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same product under a different name).

V. Self-Help Measures:

A. In implementing these self-help measures specific emphasis will be placed on contributing directly to development progress in poor rural areas and on enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Tunisia agrees to:

1. Increase the funds allocated for loans and other services to individual farmers and agricultural cooperatives, particularly to small and medium-sized farm units.

2. Support the livestock production project, especially expansion or extension of forage seed and forage production; expand the availability of extension services provided by the livestock project, especially to small and medium-sized farm units.

3. Promote expanded cereals production through continued support especially in strengthening the cereals seed production program, further research to develop improved rotations, and development of techniques adapted to the needs of small farmers.

4. Improve the process of agriculture sector planning through the strengthening of the capacity of the Ministry of Agriculture to design and carry out annual and multiannual plans and research programs.

5. Continue efforts to assure availability and timely delivery of inputs and services, particularly in the areas of extension, credit, marketing and cooperative services.

6. Introduce nutritional concepts into national food production policy and programs, and assure that nutrition related activities are properly integrated into rural health services.

7. Improve delivery of integrated health and family planning services which benefit the rural poor.

VI. Economic development purposes for which proceeds accruing to importing country are to be used:

A. The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in the Agreement and for the following economic development sector: agriculture.

B. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE AT TUNIS, this twenty-first day of January, 1977 in two original copies in the English and French languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE GOVERNMENT OF
UNITED STATES OF AMERICA TUNISIA

EDWARD W. MULCAHY

Edward W. Mulcahy

HAMED AMMAR

Hamed Ammar

ACCORD CONCLU ENTRE LE GOUVERNEMENT DES ETATS-UNIS D'AMERIQUE ET LE GOUVERNEMENT DE LA REPUBLIQUE TUNISIENNE EN VUE DE LA VENTE DE PRODUITS AGRICOLES

Le Gouvernement des Etats-Unis d'Amérique et le Gouvernement de la République Tunisienne conviennent de la vente des produits agricoles ci-dessous mentionnés. Cet accord consiste en un préambule, les parties I et III de l'accord relatif au Titre I de la P.L. 480 signé le 7 juin 1976, ainsi que la partie II ci-après:

IIème PARTIE – DISPOSITIONS PARTICULIERES

Art. I – Tableau des Produits

Produits	Période de livraison (Année fiscale Américaine)	Quantité Maximale approximative (Tonnes Métriques)	Valeur Maximale sur le marché d'exportation (Millions de Dollars)
Blé/Farine	1977	40.000	\$4,8

Art. II – Modalités de Paiement: Crédit en dollars

1. Paiement initial: 20 pour cent
2. Paiement pour l'utilisation du pays exportateur: néant
3. Nombre de versements: 19
4. Montant de chaque versement: en tranches annuelles à peu près égales
5. Date d'échéance du premier versement: deux ans après la date de la dernière livraison pour chaque année civile
6. Taux d'intérêt: 3 pour cent.

Art. III – Tableau des Achats Habituels

Produits	Période d'Importation (Année fiscale Américaine)	Achats Habituels	Requis
Blé/Blé Farine (sur une base équivalente aux grains)	1977	201.000 Tonnes	Métriques

Art. IV – Limitation des Exportations

A. La période limite des exportations sera l'année fiscale Américaine 1977 ou toute année fiscale Américaine subséquente durant laquelle les produits financés dans le cadre de cet accord seront importés ou utilisés.

B. Aux fins de l'Article III A4 de la Partie I de l'Accord, les produits non exportables sont: pour le blé/farine de blé – blé, farine de blé, flocons de blé, semoule, farine ou bulgur (ou le même produit différemment nommé).

Art. V – Mesures d'Auto-Assistance

A. Dans l'application de ces mesures d'auto-assistance, l'accent sera mis tout particulièrement sur la contribution directe au progrès du développement dans les zones rurales pauvres et sur la participation active des pauvres dans l'accroissement de la production agricole par le développement de l'agriculture de petites exploitations.

B. Le Gouvernement Tunisien convient

I. d'augmenter les fonds alloués pour les prêts et autres services destinés aux agriculteurs privés et aux coopératives agricoles, en particulier aux petites et moyennes exploitations agricoles;

2. de soutenir le projet de production animale, en particulier l'expansion ou l'accroissement de la production du fourrage et des semences fourragères; de renforcer les services de vulgarisation fournis par le projet d'Elevage, en particulier pour les petites et moyennes exploitations agricoles;

- 3. de promouvoir le développement de la production céréalière par une aide continue, en particulier pour renforcer le programme de production de semences céréalières; par des recherches plus approfondies pour mettre au point de meilleurs plans d'assèlement et par l'élaboration de techniques adaptées aux besoins des petits agriculteurs;
- 4. d'améliorer le processus de planification du secteur agricole en renforçant la capacité du Ministère de l'Agriculture, d'établir et d'exécuter des plans et des programmes de recherche annuels et pluriannuels.
- 5. de poursuivre les efforts entrepris pour que l'on puisse disposer et fournir, en temps opportun, les intrants et les services nécessaires, en particulier dans les domaines de la vulgarisation, du crédit, de commercialisation et des services coopératifs;
- 6. d'introduire les concepts nutritionnels dans la politique et les programmes nationaux de production alimentaire et d'assurer que les activités ayant trait à la nutrition soient adéquatement intégrées aux services de santé rurale;
- 7. d'améliorer les services intégrés de santé et de planning familial qui bénéficient aux populations rurales pauvres.

Art. VI – But de Développement Economique auxquels Doit Etre Affecté le Montant des Ventes Revenant au Pays Importateur

A. Le produit des ventes des marchandises financées dans le cadre de cet Accord revenant au pays importateur, servira pour le financement des mesures d'auto-assistance énoncées dans cet accord, et pour le secteur économique suivant : l'agriculture.

B. Dans l'utilisation du produit des ventes aux fins précitées, l'accent sera mis tout particulièrement sur l'amélioration directe des conditions de vie des populations les plus pauvres dans le pays bénéficiaire et de leur capacité au développement de leur pays.

EN FOL DE QUOI, les représentants soussignés, dûments autorisés à cet effet, ont signé le présent accord.

Fait à Tunis, le vendredi 21 janvier 1977, en deux exemplaires originaux, en langue anglaise et en langue française, les deux textes faisant également foi.

POUR LE GOUVERNEMENT DES
ETATS-UNIS D'AMERIQUE

EDWARD W. MULCAHY

Edward W. Mulcahy
*Ambassadeur des Etats-Unis
d'Amerique a Tunis*

POUR LE GOUVERNEMENT DE
LA REPUBLIQUE TUNISIENNE

HAMED AMMAR

Hamed Ammar
*Directeur de la Cooperation
Internationale*

HONG KONG

Trade in Cotton, Wool and Man-Made Fiber Textiles

*Agreement amending the agreement of July 25, 1974, as amended.
Effectuated by exchange of notes*

*Dated at Hong Kong November 22 and December 22, 1976;
Entered into force December 22, 1976.*

*The American Consul-General to the Hong Kong Director of Commerce
and Industry*

AMERICAN CONSULATE GENERAL

HONG KONG, November 22, 1976

SIR:

I refer to the bilateral agreement of July 25, 1974, as amended,[¹] between our two Governments on trade in cotton, wool, and man-made fiber textiles and to the discussions between our Governments held in Hong Kong April 22 through 24, 1976. In view of these discussions, I propose that the agreement be further amended by the following changes:

1. Annex A shall be amended by the addition of the following category:

Category	Description	Unit	Conversion Factor to Square Yard
224(5)	Knit tops and vests	Doz	15. 69

2. Annex B under Group II shall be amended as follows:

Category	Unit	Level Quantity	Square Yards Equivalent
Delete: Knit shirts (except T-shirts) and blouses (Category 219)	Doz	1, 435, 945	26, 363, 950
Add: Knit shirts, blouses, tops, and vests (Categories 218, 219, and 224(5))	Doz	3, 252, 680	46, 829, 319

¹ TIAS 7897, 8274; 25 UST 1576; 27 UST 1637.

Category	Unit	Level Quantity	Square Yards Equivalent
Delete:			
Knit T-shirts (Category 41/ 42)	Doz	716, 368	5, 182, 205
Other knit shirts and blouses except sweatshirts (Category 43 and 62(2))			
	Doz	1, 184, 117	8, 565, 901
Add:			
Knit T-shirts and other knit shirts and blouses except sweatshirts (Category 41, 42, 43 and 62(2))	Doz	1, 900, 485	13, 748, 106
—Sublimit—Knit T-shirts (Category 41/42)	Doz	895, 460	6, 477, 758
—Sublimit—Other knit shirts and blouses except sweatshirts (Category 43 and 62(2))	Doz	1, 480, 146	10, 707, 376
Delete:			
All other apparel (Categories 39, 40, 44, 53, 55–59, 61, 62(1), 62(3), 63(2), 214, 215, 217, 218, 220, 223, 224(4), 225–228, 230–236, and 238–240) *	Variable a	Variable a	154, 545, 284
Add:			
All other apparel (Categories 39, 40, 44, 53, 55–59, 61, 62(1), 62(3), 63(2), 214, 215, 217, 220, 223, 224(4), 225–228, 230–236, and 238–240) *	Variable a	Variable a	134, 079, 915

3. Exports in the combined category 218,219,224(5) established by Paragraph 2 of this amendment shall be charged to the specific limit both in dozens and square yards equivalent. To determine the charges in square yards equivalent, the appropriate conversion rates established in Annex A will be applied for products in each of the three categories which make up the combined category.

4. Notwithstanding the above, exports in combined category 218/219/224(5) may exceed the specific limit in square yards equivalent for the second agreement year by 4,433,061 SYE, and for the third agreement year by 1,105,618 SYE to which Paragraphs 5 and 7 of the bilateral agreement shall not apply.

If this proposal is acceptable to the Government of Hong Kong, this note and your note of acceptance on behalf of the Government of Hong Kong will constitute an agreement between our two governments.

Accept, Sir, the renewed assurances of my high consideration.

C T C

The Honorable D. H. JORDAN, C.M.G., M.B.E., J.P.
Director of Commerce and Industry
Commerce and Industry Department
Hong Kong

*The Hong Kong Director of Commerce and Industry to the American
Consul-General*

FROM THE
DIRECTOR OF COMMERCE AND INDUSTRY
HONG KONG

22 DECEMBER 1976

SIR,

I refer to your letter of 22 November 1976 proposing certain amendments to the bilateral agreement of 25 July 1974, as amended, relating to trade in cotton, wool and man-made fibre textiles between the United States and Hong Kong, and confirm that your proposed amendments are acceptable to the Hong Kong Government.

Accept, Sir, the renewed assurances of my high consideration.

D H JORDAN

D.H. Jordan
Director of Commerce & Industry

CHARLES T. CROSS, Esq.,
Consul-General of the
United States of America,
26 Garden Road,
Hong Kong.

HUNGARIAN PEOPLE'S REPUBLIC

Scientific Cooperation

Agreement signed at Budapest July 7, 1972;

Entered into force July 7, 1972.

And amending agreement

Effectuated by exchange of letters

*Signed at Washington December 20, 1974 and at Budapest July 7,
1976;*

Entered into force July 7, 1976.

And amending and extending agreement

Effectuated by exchange of letters

*Signed at Budapest May 17, 1977 and at Washington June 27, 1977;
Entered into force June 27, 1977.*

AGREEMENT ON SCIENTIFIC COOPERATION BETWEEN THE NATIONAL SCIENCE FOUNDATION OF THE UNITED STATES OF AMERICA AND THE INSTITUTE FOR CUL- TURAL RELATIONS OF THE HUNGARIAN PEOPLE'S REPUBLIC

I. FOREWORD

The National Science Foundation of the United States of America and the Institute for Cultural Relations of the Hungarian People's Republic, recognizing the mutual benefit which may be derived by expanding the present scientific and technological relationships between the two countries, have agreed to the following program of scientific and technological cooperation.

II. PRINCIPLES

/1/ The aim of this cooperative program is to increase interchange and cooperation between scientists, engineers, scholars, and institutions of research and higher learning of the two countries, and to provide them with more opportunities to exchange information, ideas, skills and techniques, to attack problems of common interest and to utilize facilities and equipment available in both countries for scientific research.

/2/ The scope of the cooperation will cover all branches of science and technology, including basic and applied aspects of the natural sciences and mathematics and the engineering sciences, but excluding

topics in the clinical medical sciences, business administration, and education.

/3/ Joint scientific work will be conducted between scientific institutions of the two parties by scientists working together in the laboratories of each country. The two countries will share activities and costs of the program according to the description set forth below.

/4/ The parties to this agreement will be responsible for the over all coordination of the program. The parties will from time to time designate governmental scientific agencies, hereinafter referred to as participating agencies, to participate in the program on behalf of institutions, laboratories, installations, scientific societies, or other bodies within the agencies' established purview. Proposed projects or activities originating from scientists working at institutions, organizations, and other bodies which are represented by the responsible participating agencies will be incorporated into the program only upon approval of the participating agencies designated in each country. Such approval may be given only to projects meeting the program guidelines established in each country by the parties to this agreement.

/5/ To the maximum extent possible consistent with sound management, projects will be formulated and developed by direct contact between interested scientists of the two countries. Proposals for joint activities are to be presented to the appropriate participating agency designated in each country.

/6/ Program policy matters will be transacted directly between the parties. Normal program business dealing with specific scientific projects or activities may be conducted between the participating agencies designated by the parties.

/7/ The parties agree that for each program activity a contribution of some kind will be made by each side. In this paragraph, and in the remainder of this agreement, the expression "side" is understood to refer to the party, the participating agencies, or the scientists and institutions concerned in one of the two countries. Although the contribution to each project from each side should be as equitable as possible, this provision does not imply any precise matching of funds, manpower of facilities for each project.

/8/ Obligations assumed by the participating agencies will be subject to the availability of funds.

/9/ Both parties will seek to facilitate, to the extent feasible, through collaboration with the appropriate competent authorities, the granting of visas and other forms of official permission for entry to and exit from its territory of personnel, equipment, and supplies from the other country when required for participation or utilization in a joint research project approved by the responsible agencies of both countries.

/10/ Scientific and technical information derived from an activity under this agreement shall be made available to the world's scientific community through customary channels and in accordance with normal scientific procedures.

III. PROGRAM

/1/ The program will emphasize the pursuit of joint research projects. However, other activities related to research will also be encouraged, such as the exchange of personnel within approved research projects, the convening of small research-oriented joint seminars for discussion and exchange of scientific information, and short visits by scientists to consult and plan cooperative activity.

/2/ A cooperative research project will be designed jointly by interested scientists of both countries. Written proposals describing the intended research will be submitted by the scientists' institutions to the appropriate participating agency in their respective countries, where the proposals will be evaluated in the normal way to determine the scientific merit of the suggested cooperative project. The proposal should include a description of the scientific project, the nature of the cooperative activities to be undertaken, a list of participants with biographical and bibliographical data, a budget showing the expected costs, the proposed starting date, and the proposed duration necessary for its implementation. The proposal should be submitted as far as possible in advance of the proposed starting date, routinely six months in advance. Research projects will initially be approved on a one- or two-year basis.

/3/ Joint seminars will be research oriented and usually focused on only one topic. They may be held in either country, will be small in size with about five to ten participants from each country, and will be of short duration, typically three to five days in length. Written proposals for seminars should be prepared jointly by scientists or institutions from each country. After proper communication between them on the terms of reference of the meeting, interested scientists will submit their proposals to the appropriate participating agency in each country for evaluation, normally six months before the proposed meeting date.

/4/ Travel funds may be awarded to scientists of either country to visit laboratories in the other country to consult and plan cooperative research activities with their scientific colleagues. Such visits will usually be no longer than two weeks in duration. Written proposals outlining the need for the travel will be evaluated by the participating agencies concerned.

IV. PROCEDURES

/1/ Scientists from either country may initiate correspondence with colleagues from the other country to determine possible interest in developing a cooperative project. In appropriate cases the parties and participating agencies will attempt to identify specialists in the two countries who might have common research interests.

/2/ Written proposals describing the proposed cooperative activity should be submitted through the scientists institutional channels to the appropriate participating agencies in their respective country.

The agencies will independently evaluate the proposal, determine if funding is available, and exchange pertinent information about the proposals with a view to reaching agreement on which projects will be approved. Projects must be approved by participating agencies in both countries before they may be included in the cooperative science program established by this agreement.

/3/ Agreement on specific projects will be confirmed by an exchange of letters between the participating agencies. The letter will be accompanied by a short description of the project and its title, a list of participating scientists, an estimate of the funds to be dedicated to the project, and the agreed starting date and duration.

/4/ Scientists and their institutions will be responsible for the performance of the research and other related scientific activities, and for the proper use of funds as outlined in the proposal. The scientists of each country will be responsible for reporting on the status and progress of projects through regularly established channels in their country.

/5/ By mutual agreement the parties may establish additional procedures and administrative arrangements as necessary.

V. FINANCIAL PROVISIONS

/1/ For cooperative research projects, each side will support the basic costs of research performed within its territory. This may include, for example, the salaries of its own scientists, technicians, and research-support staff, equipment, supplies, domestic travel, and computer costs. When an exchange of personnel takes place as part of a joint research project, the sending side will support the international travel of its own participants traveling between cooperating laboratories, and the receiving side will provide or meet the expense of, the following necessities for each foreign visitor: lodging; subsistence; domestic transportation connected with his scientific research; and medical services. Lodging will be appropriate to the professional level of the visiting scientist and, as far as possible, to the needs of his accompanying family.

/2/ For joint seminars, the side serving as host for the meeting provides domestic travel and local living expenses for both foreign visitors and its own participants, meeting room and other administrative expenses in connection with the seminar, and interpreter costs, if necessary. The sending side is responsible for the international travel of its own participants.

/3/ For short-term visiting scientists from one country traveling to the other country for consultation or research planning purposes, the sending side provides the international travel of its own participants, and the receiving side is responsible for domestic travel and local living expenses of the foreign visiting scientists.

/4/ The level of living expenses provided to foreign visitors by the receiving side will be separately agreed upon by the parties.

VI. DURATION

This agreement will come into effect upon its signature by the duly authorized representatives of both parties, and will be in effect for a period of five years from the date of signature. This agreement may be terminated at any time upon notice by one party to the other at least three months in advance. By mutual consent of the parties, this agreement may be renewed for additional periods of five years, and may at any time be modified. It is agreed that no expiration, termination, or modification of this agreement will interrupt or forestall already approved projects.

It is further agreed that representatives of the parties and the participating agencies will meet periodically as necessary, but not less than every two years, to evaluate the activities of this program, to consider program modifications, and to exchange information on budgets, changed priorities and other administrative matters.

Done at Budapest, the seventh day of July, 1972, in two originals in the English language.

FOR THE
NATIONAL SCIENCE FOUNDATION OF THE
UNITED STATES OF AMERICA
T. B. OWEN

FOR THE
INSTITUTE FOR CULTURAL RELATIONS WITH FOREIGN
COUNTRIES OF THE
HUNGARIAN PEOPLE'S
REPUBLIC

ROSTA ENDRE

[AMENDING AGREEMENTS]

The American Director, National Science Foundation, to the Hungarian President, Institute of Cultural Relations

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550

NSF
OFFICE OF THE DIRECTOR
Dr. ENDRE ROSTA
*Institute for Cultural Relations
Budapest, Hungary*

DEC 20 1974

DEAR DR. ROSTA:

Under the terms of the Agreement on Scientific Cooperation between the Institute for Cultural Relations of the Hungarian People's Republic and the National Science Foundation of the United States of America, signed at Budapest the seventh day of July 1972, I am

TIAS 8640

pleased to affirm the acceptance by the National Science Foundation of an amendment to that Agreement. By this amendment, the present section VI, DURATION, becomes section VII, and a new section VI is inserted:

VI. INVENTIONS AND PATENTS

With respect to rights in and to inventions conceived or first reduced to practice during the course of any project or activity conducted under this program (hereinafter referred to as "subject inventions"), the parties agree that the following principles shall govern the equitable allocation of rights between the two sides and that any agreements between collaborating participants shall conform to these principles unless otherwise approved by both parties. Each party will take such steps as are necessary to insure that participants from its side are aware of and able to conform to these principles at the time any project or activity is initiated.

- (1) With respect to any subject invention which is or may be patentable, jointly conceived or first reduced to practice by collaborating participants of the two sides in the course of any activity carried out under this agreement, the parties agree (i) that each of the parties will have the sole right to control the disposition of all rights in the subject invention within its territory, and the other party agrees to take such steps as are necessary to assure that such party receives such sole right, and (ii) that either party or its designee may seek to obtain patents in third countries. Whenever a patent application is filed in a third country, the other party shall be notified as soon as possible (but in any case not more than one year after the filing) and such other party shall upon request made within one year after such notice is given, be granted, at a minimum, an irrevocable, royalty-free, nonexclusive license, with right to sublicense, to practice the subject invention in the third country; provided, that the requesting party must agree to reimburse the applicant for patent for one-half of the costs incurred and that may be incurred in the future for filing, prosecuting, and maintaining the patent application or patents resulting therefrom in the third country. Nothing in this paragraph, however, should be construed as precluding agreement between participant institutions or scientists of the two sides on procedures for the patenting of inventions in third countries and on the licensing, marketing, and sharing of royalties of inventions patented in third countries; provided that any such agreements between participants will be subject to any rights retained by either party in inventions of participants of its side by reason of the party's support of the participants, and provided further that any such

- agreements shall require the approval of the financially contributing parties.
- (2) With respect to a subject invention which was conceived or reduced to practice by a participant of one country during the course of a visit to the other country, the party of the inventing participant agrees that the host party shall have a royalty-free, nonexclusive, irrevocable license, with right to sublicense, to practice any such subject invention within the territory of the host party.
- (3) The fact that rights in a subject invention are conferred on either party in accordance with this agreement is not meant to give that party rights in any other inventions that are not subject inventions.

This amendment shall enter into force upon the date of a letter of the Institute for Cultural Relations by which the Institute for Cultural Relations expresses its acceptance of the contents of this letter of the National Science Foundation.

Our joint acceptance and approval of this amendment will signify, I believe, an additional step in the development of mutually beneficial cooperative relations between our countries in science and technology.

Sincerely yours,

H GUYFORD STEVER

H. Guyford Stever
Director

*The Hungarian President, Institute of Cultural Relations, to the
American Director, National Science Foundation*

INSTITUTE OF CULTURAL RELATIONS
BUDAPEST
BUDAPEST, V, DOROTTYA UTCA 8.

JULY 7, 1976

Dr. H. GUYFORD STEVER
Director
National Science Foundation
Washington, D.C.

DEAR DR. STEVER,

I have the pleasure to inform you that the Institute for Cultural Relations has accepted the amendment "Inventions and Patents" to the Agreement on Scientific Cooperation between the Institute for Cultural Relations of the Hungarian People's Republic and the Na-

tional Science Foundation of the United States of America, signed at Budapest July 7, 1972.

As proposed in your letter of Dec 20 1974, the present section VI, DURATION becomes VII, and the section INVENTIONS AND PATENTS will be the new section VI. The new section VI. has been accepted in the wording proposed in your letter referred to above. This is also to confirm that this amendment enters into force upon the date of our present letter.

Let me express our sincere hope that our joint acceptance and approval of this amendment will contribute to the further development of mutually beneficial cooperative relations between our two countries.

Sincerely yours

ENDRE ROSTA

Endre Rosta
President

The Hungarian President, Institute of Cultural Relations, to the American Director, National Science Foundation

INSTITUTE OF CULTURAL RELATIONS 55.007-4/77
BUDAPEST
BUDAPEST, V., DOROTTYA UTCA 8.

Mr. RICHARD C. ATKINSON
Director,
National Science Foundation
Washington D.C. 20550
U.S.A.

DEAR MR. ATKINSON,

In accordance with our personal discussions with your officials in December 1976 in Budapest, I would like to initiate the renewal of the Agreement on Scientific Cooperation between the Institute for Cultural Relations of the Hungarian People's Republic and the National Science Foundation of the United States of America, signed at Budapest, July 7, 1972, and due to expire on July 7, 1977, for a further period of five years.

May we suggest that we keep the wording of the original Agreement with the amendment regarding Inventions and Patents that entered

TIAS 8640

into force on July 7, 1976. As regards Section V. Paragraph /2/, we are ready to accept the principle expressed in your letter of December 29, 1976 and suggest to replace the wording of this paragraph with the following one:

/2/ For joint seminars, the side serving as host for the meeting provides domestic travel organized as part of the seminar activity, local living expenses for both foreign visitors and its own participants, meeting room and other administrative expenses in connection with the seminar, and interpreter costs, if necessary. The sending side is responsible for the transportation for its own nationals to and from the site of the seminar.

Considering rising living costs and inflation and in order to provide better financial conditions for the visitors of both countries, may we suggest to modify the rates stated in Appendix 1 of our Agreement^[1] as follows:

- a. Visits of one month or less: In Hungary Ft 350 per day, in the USA \$25 per day
- b. Visits of 3-12 months: to the visiting scientist in Hungary Ft 7000 per month, in the USA \$600 per month.

Allowances to be paid for accompanying members of the family would remain unchanged.

The above rates would correspond to those suggested by the Hungarian side for visitors under the Program of Cooperation and Exchanges between the Government of the United States of America and the Government of the Hungarian People's Republic in Science and Technology.

As our present Agreement is due to expire on July 7, 1977, may we suggest that the renewed Agreement enters into force on the same day and remains in force for a period of five years, that is, until July 7, 1982.

Let me express our sincere hope that the renewal of our Agreement on Scientific Cooperation will contribute to the further development of mutually beneficial cooperative relations between our two countries.

17TH MAY, 1977

Sincerely yours,

[SEAL] RUDOLF RÓNAI

Rudolf Rónai
President

¹ Not printed.

The American Director, National Science Foundation, to the Hungarian President, Institute of Cultural Relations

JUN 27 1977

Dr. RUDOLF RÓNAI, PRESIDENT
Institute of Cultural Relations
Budapest, Hungary

DEAR DR. RÓNAI:

Thank you for your letter of May 17, 1977, concerning the renewal and amendment of the Agreement on Scientific Cooperation between the National Science Foundation (NSF) of the United States of America and the Institute for Cultural Relations (KKI) of the Hungarian People's Republic.

I agree with your suggestion that the wording of Section V, Paragraph 2 of the original Agreement be replaced with the following one:

"2. For joint seminars, the side serving as host for the meeting provides domestic travel organized as part of the seminar activity, local living expenses for both foreign visitors and its own participants, meeting room and other administrative expenses in connection with the seminar, and interpreter costs, if necessary. The sending side is responsible for the transportation for its own nationals to and from the site of the seminar."

I also agree that the rates for living expenses to be paid in addition to actual lodging costs for visiting scientists set up in Appendix 1 to the Agreement be changed as follows:

"a. Visits of one month or less: in Hungary Ft 350 per day, in the U.S.A. \$25 per day.

"b. Visits of 3-12 months: to the visiting scientists in Hungary Ft 7,000 per month, in the U.S.A. \$600 per month."

Finally, recognizing that the programs of scientific cooperation between NSF and KKI have been satisfactory and beneficial to both organizations, and desiring to continue this mutually beneficial co-operation, I agree that the said Agreement on scientific cooperation of July 7, 1972 (and subsequent amendment thereto), be extended for a period of five years, through July 7, 1982, or until terminated by either party pursuant to Article VII, "DURATION," of said Agreement.

Sincerely yours,

RICHARD C. ATKINSON

Richard C. Atkinson
Director

**UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND**

Air Transport Services

*Agreement signed at Bermuda July 23, 1977;
Entered into force July 23, 1977.
With exchange of letters.
And agreed minute
Signed at London June 22, 1977;
Entered into force June 22, 1977.*

**AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
CONCERNING AIR SERVICES**

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland;

Resolved to provide safe, adequate and efficient international air transportation responsive to the present and future needs of the public and to the continued development of international commerce;

Desiring the continuing growth of adequate, economical and efficient air transportation by airlines at reasonable charges, without unjust discrimination or unfair or destructive competitive practices;

Resolved to provide a fair and equal opportunity for their designated airlines to compete in the provision of international air services;

Desiring to ensure the highest degree of safety and security in international air transportation;

Seeking to encourage the efficient use of available resources, including petroleum, and to minimize the impact of air services on the environment;

Believing that both scheduled and charter air transportation are important to the consumer interest and are essential elements of a healthy international air transport system;

Reaffirming their adherence to the Convention on International Civil Aviation opened for signature at Chicago on 7 December 1944; [¹] and

Desiring to conclude a new agreement complementary to that Convention for the purpose of replacing the Final Act of the Civil Aviation Conference held at Bermuda, from 15 January to 11 February 1946, and the annexed Agreement between the Government of the United States of America and the Government of the United Kingdom relating to Air Services between their Respective Territories, as subsequently amended ("the 1946 Bermuda Agreement"); [²]

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement unless otherwise stated, the term:

(a) "Aeronautical authorities" means, in the case of the United States, the Department of Transportation, the Civil Aeronautics Board, or their successor agencies; and in the case of the United Kingdom, the Secretary of State for Trade, the Civil Aviation Authority, or their successors;

¹ TIAS 1591, 3756, 5170, 6605, 6681, 7616, 8092, 8162; 61 Stat. 1180; 8 UST 179; 13 UST 2105; 19 UST 7693; 20 UST 718; 24 UST 1019; 26 UST 1061, 2374.

² TIAS 1507, 1640, 1641, 1714, 3338, 3675, 3719, 6019; 60 Stat. 1499; 61 Stat. 3089, 3092; 62 Stat. 1845; 6 UST 2919; 7 UST 2934, 3451; 17 UST 683.

[Footnotes added by the Department of State.]

(b) "Agreement" means this Agreement, its Annexes, and any amendments thereto;

(c) "Air service" means scheduled air service or charter air service or both, as the context requires, performed by aircraft for the public transport of passengers, cargo or mail, separately or in combination, for compensation;

(d) "Airport" means a landing area, terminals and related facilities used by aircraft;

(e) "All-cargo air service" means air service performed by aircraft on which cargo or mail (with ancillary attendants) is carried, separately or in combination but on which revenue passengers are not carried;

(f) "Combination air service" means air service performed by aircraft on which passengers are carried and on which cargo or mail may also be carried if authorized by the relevant national license or certificate;

(g) "Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes: (i) any amendment thereto which has entered into force under Article 94(a) thereof and has been ratified by both Contracting Parties; and (ii) any Annex or any amendment thereto adopted under Article 90 of that Convention, insofar as such amendment or Annex is at any given time effective for both Contracting Parties;

(h) "Designated airline" means an airline designated and authorized in accordance with Article 3 of this Agreement;

(i) "Gateway route segment" means that part of a route described in Annex 1 which lies between the point of last departure or first arrival served by a designated airline in its homeland and the point or points served by that airline in the territory of the other Contracting Party;

(j) "International air service" means an air service which passes through the air space over the territory of more than one State;

(k) "Revenue passenger" means a passenger paying 25 percent or more of the normal applicable fare;

(l) "Stop for non-traffic purposes" means a landing for any purpose other than taking on or discharging passengers, cargo or mail carried for compensation;

(m) "Tariff" means the price to be charged for the public transport of passengers, baggage and cargo (excluding mail) on scheduled air services including the conditions governing the availability or applicability of such price and the charges and conditions for services ancillary to such transport but excluding the commissions to be paid to air transportation intermediaries;

(n) "Territory" means the land areas under the sovereignty, jurisdiction, protection, or trusteeship of a Contracting Party, and the territorial waters adjacent thereto; and

(o) "User charge" means a charge made to airlines for the provision for aircraft, their crews and passengers of airport or air navigation property or facilities, including related services and facilities.

ARTICLE 2

Grant of Rights

(1) Each Contracting Party grants to the other Contracting Party the following rights for the conduct of international air services by its airlines:

- (a) the right to fly across its territory without landing; and
- (b) the right to make stops in its territory for non-traffic purposes.

(2) Each Contracting Party grants to the other Contracting Party the rights specified in this Agreement for the purposes of operating scheduled international air services on the routes specified in Annex 1. Such services and routes are hereafter called "the agreed services" and "the specified routes" respectively. The airlines designated by each Contracting Party may make stops in the territory of the other Contracting Party at the points specified and to the extent specified for each route in Annex 1 for the purpose of taking on board and discharging passengers, cargo or mail, separately or in combination, in scheduled international air service.

(3) Each Contracting Party grants to the other Contracting Party the rights specified in Annex 4 for the purposes of operating charter international air services.

(4) Nothing in paragraphs (2) or (3) of this Article shall be deemed to confer on the airline or airlines of one Contracting Party the rights to take on board, in the territory of the other Contracting Party, passengers, cargo or mail carried for compensation and destined for another point in the territory of that other Contracting Party except to the extent such rights are authorized in Annex 1 or Annex 4.

(5) If because of armed conflict, political disturbances or developments, or special and unusual circumstances, a designated airline of one Contracting Party is unable to operate a service on its normal routing, the other Contracting Party shall use its best efforts to facilitate the continued operation of such service through appropriate rearrangements of such routes, including the grant of rights for such time as may be necessary to facilitate viable operations.

ARTICLE 3

Designation and Authorization of Airlines

(1) (a) Each Contracting Party shall have the right to designate an airline or airlines for the purpose of operating the agreed services on each of the routes specified in Annex 1 and to withdraw or alter such designations. Such designations shall be made in writing and shall be transmitted to the other Contracting Party through diplomatic channels.

(b) A Contracting Party may request consultations with regard to the designation of an airline or airlines under subparagraph (a) of this paragraph. If, however, agreement is not reached within 60 days from the

date of the designation, the designation shall be regarded as a proper designation under this Article.

(2) Notwithstanding paragraph (1) of this Article, for the purpose of operating the agreed combination air services on US Routes 1 and 2, and UK Routes 1, 2, 3, 4 and 5, each Contracting Party shall have the right to designate not more than:

(a) two airlines on each of two gateway route segments of its own choosing;

(b) one airline on each gateway route segment other than those selected under subparagraph (a) of this paragraph, except that each Contracting Party may designate not more than:

(i) two airlines on any gateway route segment other than those selected under subparagraph (a) of this paragraph, provided: (A) the total on-board passenger traffic carried by the designated airlines of both Contracting Parties in scheduled air service on a gateway route segment exceeds 600,000 one-way revenue passengers in each of two consecutive twelve month periods; or (B) the total on-board passenger traffic carried by its designated airline in scheduled air service on the gateway route segment exceeds 450,000 one-way revenue passengers in each of two consecutive twelve month periods. For the purpose of this subparagraph, the revenue passenger levels specified must be reached for the first time after the entry into force of this Agreement; and

(ii) two airlines on any gateway route segment other than those selected under subparagraph (a) or permitted under subparagraph (b)(i) of this paragraph, where either the other Contracting Party has not made a designation three years after the right to operate that gateway route segment becomes effective or the airline designated by it does not by then operate (either nonstop or in combination with another gateway route segment) or operates fewer than 100 round trip combination flights within a twelve month period. An additional designation under this subparagraph shall continue in force notwithstanding subsequent regular operation by an airline of the other Contracting Party.

If coincident gateway route segments appear on more than one route, the limitations set forth in this paragraph apply to the coincident segments taken together. A Contracting Party making designations under this paragraph shall specify which subparagraph applies.

(3) Notwithstanding paragraph (1) of this Article, for the purpose of operating the agreed all-cargo air services on US Route 7 and on UK Routes 10, 11 and 12 (taken together), each Contracting Party shall have the right to designate not more than a total of three airlines, except that, if the airline or airlines designated by one Contracting Party are licensed or certificated by their own aeronautical authorities and authorized by the other Contracting Party to offer all-cargo air services on a gateway route segment on which the airline or airlines designated by the other Contracting Party are not licensed or certificated by their own aeronautical authorities to offer such services, that other Contracting Party may designate an additional airline on the relevant route or routes to operate all-cargo air services only on that gateway route segment, notwithstanding the fact that such designation will result in the designation of more than three airlines on the relevant route or routes.

(4) Notwithstanding paragraph (1) of this Article, a Contracting Party receiving a designation of an airline which is authorized by that airline's own aeronautical authorities only to operate aircraft having a maximum passenger capacity of 30 seats or less and a maximum payload

capacity of 7,500 pounds or less and which was not designated under the 1946 Bermuda Agreement may refuse to regard such designation as a proper designation under this Article if it would result in more than three such airlines or more than the number designated under the 1946 Bermuda Agreement (whichever is greater), operating at any point in the territory of the Contracting Party receiving the designation.

(5) If either Contracting Party wishes to designate an airline or airlines for the routes set forth in paragraphs (2) or (3) of this Article, in addition to the designations specifically permitted by those paragraphs, it shall notify the other Contracting Party. The second Contracting Party may either: (i) accept such further designation; or (ii) request consultations. After consultations the second Contracting Party may decline to accept the designation.

(6) On receipt of a designation made by one Contracting Party under the terms of paragraphs (1), (2) or (3) of this Article, or accepted under the terms of paragraph (5) of this Article, and on receipt of an application or applications from the airline so designated for operating authorizations and technical permissions in the form and manner prescribed for such applications, the other Contracting Party shall grant the appropriate operating authorizations and technical permissions, provided:

(a) substantial ownership and effective control of that airline are vested in the Contracting Party designating the airline or in its nationals;

(b) the designated airline is qualified to meet the conditions prescribed under the laws and regulations normally applied to the operation of international air services by the Contracting Party considering the application or applications; and

(c) the other Contracting Party is maintaining and administering the standards set forth in Article 6 (Airworthiness).

If the aeronautical authorities of the Contracting Party considering the application or applications are not satisfied that these conditions are met at the end of a 90-day period from receipt of the application or applications from the designated airlines, either Contracting Party may request consultations, which shall be held within 30 days of the request.

(7) When an airline has been designated and authorized in accordance with the terms of this Article, it may operate the relevant agreed services on the specified routes in Annex 1, provided, however, that the airline complies with the applicable provisions of this Agreement.

ARTICLE 4

Application of Laws

(1) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of the airline or airlines designated by the other Contracting Party and shall be complied with by such aircraft upon entrance into or departure from and while within the territory of the first Contracting Party.

(2) The laws and regulations of one Contracting Party relating to the admission to or departure from its territory of passengers, crew, cargo or mail of aircraft, including regulations relating to entry, clearance, immigration, passports, customs and quarantine, shall be complied with by or on behalf of such passengers, crew, cargo or mail of the airlines of the other Contracting Party upon entrance into or departure from and while within the territory of the first Contracting Party.

ARTICLE 5

Revocation or Suspension of Operating Authorization

(1) Each Contracting Party shall have the right to revoke, suspend, limit or impose conditions on the operating authorizations or technical permissions of an airline designated by the other Contracting Party where:

- (a) substantial ownership and effective control of that airline are not vested in the Contracting Party designating the airline or in nationals of such Contracting Party; or
- (b) that airline has failed to comply with the laws or regulations of the first Contracting Party; or
- (c) the other Contracting Party is not maintaining and administering safety standards as set forth in Article 6 (Airworthiness).

(2) Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph (1) of this Article is essential to prevent further noncompliance with subparagraphs (b) or (c) of paragraph (1) of this Article, such rights shall be exercised only after consultation with the other Contracting Party.

ARTICLE 6

Airworthiness

(1) Certificates of airworthiness, certificates of competency, and licenses issued or rendered valid by one Contracting Party, and still in force, shall be recognized as valid by the other Contracting Party for the purpose of operating the air services provided for in this Agreement, provided that the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention. Each Contracting Party reserves the right, however, to refuse to recognize as valid for the purpose of flights above its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

(2) The competent aeronautical authorities of each Contracting Party may request consultations concerning the safety and security standards and requirements maintained and administered by the other Contracting Party relating to aeronautical facilities, aircrew, aircraft,

and the operation of the designated airlines. If, following such consultations, the competent aeronautical authorities of either Contracting Party find that the other Contracting Party does not effectively maintain and administer safety and security standards and requirements in these areas that are equal to or above the minimum standards which may be established pursuant to the Convention, they will notify the other Contracting Party of such findings and the steps considered necessary to bring the safety and security standards and requirements of the other Contracting Party to standards at least equal to the minimum standards which may be established pursuant to the Convention, and the other Contracting Party shall take appropriate corrective action. Each Contracting Party reserves the right to withhold, revoke or limit, pursuant to Articles 2 (Grant of Rights), 3 (Designation and Authorization of Airlines), and 5 (Revocation or Suspension of Operating Authorization), the operating authorization or technical permission of an airline or airlines designated by the other Contracting Party, in the event the other Contracting Party does not take such appropriate action within a reasonable time.

ARTICLE 7

Aviation Security

The Contracting Parties reaffirm their grave concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air services and undermine public confidence in the safety of civil aviation. The Contracting Parties agree to provide maximum aid to each other with a view to preventing hijackings and sabotage to aircraft, airports and air navigation facilities and threats to aviation security. They reaffirm their commitments under and shall have regard to the provisions of the Convention on Offences and certain other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963,^[1] the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at the Hague on 16 December 1970,^[2] and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971.^[3] The Contracting Parties shall also have regard to applicable aviation security provisions established by the International Civil Aviation Organization. When incidents or threats of hijacking or sabotage against aircraft, airports or air navigation facilities occur, the Contracting Parties shall assist each other by facilitating communications intended to terminate such incidents rapidly and safely. Each Contracting Party shall give sympathetic consideration to any request from the other for special security measures for its aircraft or passengers to meet a particular threat.

ARTICLE 8

Commercial Operations

(I) The designated airline or airlines of one Contracting Party shall be entitled, in accordance with the laws and regulations relating to entry, residence and employment of the other Contracting Party, to bring in and

¹ TIAS 6768; 20 UST 2941.

² TIAS 7192; 22 UST 1641.

³ TIAS 7570; 24 UST 564.

[Footnotes added by the Department of State.]

maintain in the territory of the other Contracting Party those of their own managerial, technical, operational and other specialist staff who are required for the provision of air services.

(2) Each Contracting Party agrees to use its best efforts to ensure that the designated airlines of the other Contracting Party are offered the choice, subject to reasonable limitations which may be imposed by airport authorities, of providing their own services for ground handling operations; of having such operations performed entirely or in part by another airline, an organization controlled by another airline, or a servicing agent, as authorized by the airport authority; or of having such operations performed by the airport authority.

(3) Each Contracting Party grants to each designated airline of the other Contracting Party the right to engage in the sale of air transportation in its territory directly and, at the airline's discretion, through its agents. Each airline shall have the right to sell such transportation, and any person shall be free to purchase such transportation, in the currency of that territory or in freely convertible currencies of other countries.

(4) Each designated airline shall have the right to convert and remit to its country on demand local revenues in excess of sums locally disbursed. Conversion and remittance shall be permitted without restrictions at the rate of exchange applicable to current transactions which is in effect at the time such revenues are presented for conversion and remittance. Both Contracting Parties have accepted the obligations set out in Article VIII of the Articles of Agreement of the International Monetary Fund.

(5) Each Contracting Party shall use its best efforts to secure for the designated airlines of the other Contracting Party on a reciprocal basis an exemption from taxes, charges and fees imposed by State, regional and local authorities on the items listed in paragraphs (1) and (2) of Article 9 (Customs Duties), as well as from fuel through-put charges, in the circumstances described under those paragraphs, except to the extent that the charges are based on the actual cost of providing the service.

ARTICLE 9

Customs Duties

(1) Aircraft operated in international air services by the designated airlines of either Contracting Party, their regular equipment, fuel, lubricants, consumable technical supplies, spare parts including engines, and aircraft stores including but not limited to such items as food, beverages and tobacco, which are on board such aircraft, shall be relieved on the basis of reciprocity from all customs duties, national excise taxes, and similar national fees and charges not based on the cost of services provided, on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft.

(2) There shall also be relieved from the duties, fees and charges referred to in paragraph (1) of this Article, with the exception of charges based on the cost of the service provided:

(a) aircraft stores, introduced into or supplied in the territory of a Contracting Party, and taken on board, within reasonable limits, for use on outbound aircraft engaged in an international air service of a designated airline of the other Contracting Party;

(b) spare parts including engines introduced into the territory of a Contracting Party for the maintenance or repair of aircraft used in an international air service of a designated airline of the other Contracting Party; and

(c) fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Contracting Party for use in an aircraft engaged in an international air service of a designated airline of the other Contracting Party, even when these supplies are to be used on a part of the journey performed over the territory of the Contracting Party in which they are taken on board.

(3) Equipment and supplies referred to in paragraphs (1) and (2) of this Article may be required to be kept under the supervision or control of the appropriate authorities.

(4) The reliefs provided for by this Article shall also be available in situations where the designated airlines of one Contracting Party have entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Contracting Party of the items specified in paragraphs (1) and (2) of this Article provided such other airline or airlines similarly enjoy such reliefs from such other Contracting Party.

ARTICLE 10

User Charges

(1) Each Contracting Party shall use its best efforts to ensure that user charges imposed or permitted to be imposed by its competent charging authorities on the designated airlines of the other Contracting Party are just and reasonable. Such charges shall be considered just and reasonable if they are determined and imposed in accordance with the principles set forth in paragraphs (2) and (3) of this Article, and if they are equitably apportioned among categories of users.

(2) Neither Contracting Party shall impose or permit to be imposed on the designated airlines of the other Contracting Party user charges higher than those imposed on its own designated airlines operating similar international air services.

(3) User charges may reflect, but shall not exceed, the full cost to the competent charging authorities of providing appropriate airport and air navigation facilities and services, and may provide for a reasonable rate of return on assets, after depreciation. In the provision of facilities and services, the competent authorities shall have regard to such factors as efficiency, economy, environmental impact and safety of operation. User charges shall be based on sound economic principles and on the generally accepted accounting practices within the territory of the appropriate Contracting Party.

(4) Each Contracting Party shall encourage consultations between its competent charging authorities and airlines using the services and

facilities, where practicable through the airlines' representative organizations. Reasonable notice should be given to users of any proposals for changes in user charges to enable them to express their views before changes are made.

(5) For the purposes of paragraph (4) of this Article, each Contracting Party shall use its best efforts to encourage the competent charging authorities and the airlines to exchange such information as may be necessary to permit an accurate review of the reasonableness of the charges in accordance with the principles set out in this Article.

(6) In the event that agreement is reached between the Contracting Parties that an existing user charge should be revised, the appropriate Contracting Party shall use its best efforts to put the revision into effect promptly.

ARTICLE 11

Fair Competition

(1) The designated airline or airlines of one Contracting Party shall have a fair and equal opportunity to compete with the designated airline or airlines of the other Contracting Party.

(2) The designated airline or airlines of one Contracting Party shall take into consideration the interests of the designated airline or airlines of the other Contracting Party so as not to affect unduly that airline's or those airlines' services on all or part of the same routes. In particular, when a designated airline of one Contracting Party proposes to inaugurate services on a gateway route segment already served by a designated airline or airlines of the other Contracting Party, the incumbent airline or airlines shall each refrain from increasing the frequency of their services to the extent and for the time necessary to ensure that the airline inaugurating service may fairly exercise its rights under paragraph (1) of this Article. Such obligation to refrain from increasing frequency shall not last longer than two years or beyond the point when the inaugurating airline matches the frequencies of any incumbent airline, whichever occurs first, and shall not apply if the services to be inaugurated are limited as to their capacity by the license or certificate granted by the designating Contracting Party.

(3) Services provided by a designated airline under this Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the country of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be exercised in accordance with the general principles of orderly development of international air transport to which both Contracting Parties subscribe and shall be subject to the general principle that capacity should be related to:

- (a) the traffic requirements between the country of origin and the countries of ultimate destination of the traffic;
- (b) the requirements of through airline operations; and

(c) the traffic requirements of the area through which the airline passes, after taking account of local and regional services.

(4) The frequency and capacity of services to be provided by the designated airlines of the Contracting Parties shall be closely related to the requirements of all categories of public demand for the carriage of passengers and cargo including mail in such a way as to provide adequate service to the public and to permit the reasonable development of routes and viable airline operations. Due regard shall be paid to efficiency of operation so that frequency and capacity are provided at levels appropriate to accommodate the traffic at load factors consistent with tariffs based on the criteria set forth in paragraph (2) of Article 12 (Tariffs).

(5) The Contracting Parties recognize that airline actions leading to excess capacity or to the underprovision of capacity can both run counter to the interests of the travelling public. Accordingly, in the particular case of combination air services on the North Atlantic routes specified in paragraph (1) of Annex 2, they have agreed to establish the procedures set forth in Annex 2. With respect to other routes and services, if one Contracting Party believes that the operations of a designated airline or airlines of the other Contracting Party have been inconsistent with the principles set forth in this Article, it may request consultations pursuant to Article 16 (Consultations) for the purpose of reviewing the operations in question to determine whether they are in conformity with these principles. In such consultations there shall be taken into consideration the operations of all airlines serving the market in question and designated by the Contracting Party whose airline or airlines are under review. If the Contracting Parties conclude that the operations under review are not in conformity with the principles set forth in this Article, they may decide upon appropriate corrective or remedial measures, except that, where frequency or capacity limitations are already provided for a route specified in Annex 1, the Contracting Parties may not vary those limitations or impose additional limitations except by amendment of this Agreement.

(6) Neither Contracting Party shall unilaterally restrict the operations of the designated airlines of the other except according to the terms of this Agreement or by such uniform conditions as may be contemplated by the Convention.

ARTICLE 12

Tariffs

(1) Tariffs of the designated airlines of the Contracting Parties for carriage between their territories shall be established in accordance with the procedures set out in this Article.

(2) The tariffs charged by the designated airlines of one Contracting Party for public transport to or from the territory of the other Contracting Party shall be established at the lowest level consistent with a high standard of safety and an adequate return to efficient airlines operating on the agreed routes. Each tariff shall, to the extent feasible, be based on the costs of providing such service assuming reasonable load factors. Additional relevant factors shall include among others the need of the airline to meet competition from scheduled or charter air services, taking into account differences in cost and quality of service, and the

prevention of unjust discrimination and undue preferences or advantages. To further the reasonable interests of users of air transport services, and to encourage the further development of civil aviation, individual airlines should be encouraged to initiate innovative, cost-based tariffs.

(3) The tariffs charged by the designated airlines of one Contracting Party for public transport between the territory of the other Contracting Party and the territory of a third State shall be subject to the approval of the other Contracting Party and such third State; provided, however, that a Contracting Party shall not require a different tariff from the tariff of its own airlines for comparable service between the same points. The designated airlines of each Contracting Party shall file such tariffs with the other Contracting Party, in accordance with its requirements.

(4) Any tariff agreements with respect to public transport between the territories of the Contracting Parties concluded as a result of inter-carrier discussions, including those held under the traffic conference procedures of the International Air Transport Association, or any other association of international airlines, and involving the airlines of the Contracting Parties will be subject to the approval of the aeronautical authorities of those Contracting Parties, and may be disapproved at any time whether or not previously approved. The submission of such agreements is not the filing of a tariff for the purposes of the provisions of paragraph (5) of this Article. Such agreements shall be submitted to the aeronautical authorities of both Contracting Parties for approval at least 105 days before the proposed date of effectiveness, accompanied by such justification as each Contracting Party may require of its own designated airlines. The period of 105 days may be reduced with the consent of the aeronautical authorities of the Contracting Party with whom a filing is made. The aeronautical authorities of each Contracting Party shall use their best efforts to approve or disapprove (in whole or in part) each agreement submitted in accordance with this paragraph on or before the 60th day after its submission. Each Contracting Party may require that tariffs reflecting agreements approved by it be filed and published in accordance with its laws.

(5) Any tariff of a designated airline of one Contracting Party for public transport between the territories of the Contracting Parties shall, if so required, be filed with the aeronautical authorities of the other Contracting Party at least 75 days prior to the proposed effective date unless the aeronautical authorities of that Contracting Party permit the filing to be made on shorter notice. Such tariff shall become effective unless action is taken to continue in force the existing tariff as provided in paragraph (7) of this Article.

(6) If the aeronautical authorities of one Contracting Party, on receipt of any filing referred to in paragraph (5) of this Article, are dissatisfied with the tariff proposed or desire to discuss the tariff with the other Contracting Party, the first Contracting Party shall so notify the other Contracting Party through diplomatic channels within 30 days of the filing of such tariff, but in no event less than 15 days prior to the proposed effective date of such tariff. The Contracting Party receiving the notification may request consultations and, if so requested, such consultations shall be held at the earliest possible date for the purpose of attempting to reach agreement on the appropriate tariff. If notification of dissatisfaction is not given as provided in this paragraph, the tariff shall be deemed to be approved by the aeronautical authorities of the Contracting Party receiving the filing and shall become effective on the proposed date.

(7) If agreement is reached on the appropriate tariff under paragraph (6) of this Article, each Contracting Party shall exercise its best efforts to put such tariff into effect. If an agreement is not reached prior to the proposed effective date of the tariff, or if consultations are not requested, the aeronautical authorities of the Contracting Party expressing dissatisfaction with that tariff may take action to continue in force the existing tariffs beyond the date on which they would otherwise have expired at the levels and under the conditions (including seasonal variations) set forth therein. In this event the other Contracting Party shall similarly take any action necessary to continue the existing tariffs in effect. In no circumstances, however, shall a Contracting Party require a different tariff from the tariff of its own designated airlines for comparable service between the same points.

(8) The aeronautical authorities of each Contracting Party shall exercise their best efforts to ensure that the designated airlines conform to the agreed tariffs filed with the aeronautical authorities of the Contracting Parties, and that no airline rebates any portion of such tariffs by any means, directly or indirectly.

(9) In order to avoid tariff disputes to the greatest extent possible:

(a) a continuing Tariff Working Group shall be established to make recommendations on tariff-making standards, as provided in Annex 3;

(b) the aeronautical authorities will keep one another informed of such guidance as they may give to their own airlines in advance of or during traffic conferences of the International Air Transport Association; and

(c) during the period that the aeronautical authorities of either Contracting Party have agreements under consideration pursuant to paragraph (4) of this Article, the Contracting Parties may exchange views and recommendations, orally or in writing. Such views and recommendations shall, if requested by either Contracting Party, be presented to the aeronautical authorities of the other Contracting Party, who will take them into account in reaching their decision.

ARTICLE 13

Commissions

(1) The airlines of each Contracting Party may be required to file with the aeronautical authorities of both Contracting Parties the level or levels of commissions and all other forms of compensation to be paid or provided by such airline in any manner or by any device, directly or indirectly, to or for the benefit of any person (other than its own bona fide employees) for the sale of air transportation between the territories of the Contracting Parties. The aeronautical authorities of each Contracting Party shall exercise their best efforts to ensure that the commissions and compensation paid by the airlines of each Contracting Party conform to the level or levels of commissions and compensation filed with the aeronautical authorities.

(2) The level of commissions and other forms of compensation paid with respect to the sale, within the territory of a Contracting Party, of air transportation, shall be subject to the laws and regulations of such Contracting Party, which shall be applied in a nondiscriminatory fashion.

ARTICLE 14

Charter Air Service

(1) The Contracting Parties recognize the need to further the maintenance and development, where a substantial demand exists or may be expected, of a viable network of scheduled air services, consistently and readily available, which caters for all segments of demand and particularly for those needing a wide and flexible range of air services.

(2) The Contracting Parties also recognize the substantial and growing demand from that section of the travelling public which is price rather than time sensitive, for air services at the lowest possible level of fares. The Contracting Parties, therefore, taking into account the relationship of scheduled and charter air services and the need for a total air service system, shall further the maintenance and development of efficient and economic charter air services so as to meet that demand.

(3) The Contracting Parties shall therefore apply the provisions of Annex 4 to charter air services between their territories.

ARTICLE 15

Transitional Provisions

(1) Designation. On the entry into force of this Agreement, and until 1 November 1977, all designations and authorizations in effect pursuant to the 1946 Bermuda Agreement shall remain in effect. Additional designations shall be subject to the provisions of Article 3 (Designation and Authorization of Airlines) of this Agreement. By 1 November 1977, each Contracting Party shall indicate to the other all the initial designations applicable under this Agreement. Notwithstanding the provisions of Article 3, until 1 November 1977:

(a) the United States shall be entitled to retain two designated airlines to operate combination air services on each of three gateway route segments on US Routes 1 and 2, taken together; and

(b) the United Kingdom shall be entitled to retain three designated airlines to operate combination air services on one gateway route segment on UK Routes 1, 2, 3, 4 and 5, taken together.

(2) Capacity. Notwithstanding the provisions of Annex 2, as regards the winter traffic season of 1977/78 the following procedures shall apply:

Paragraph (3): Airlines shall file schedules not later than 120 days prior to the winter traffic season, instead of 180 days.

Paragraph (3): Airlines shall refile amendments not later than 105 days prior to the winter traffic season, instead of 165 days.

Paragraph (4): A Contracting Party's notice of inconsistency shall be given within 90 days, instead of 150 days.

Paragraph (5): If requested, consultations shall begin not later than 75 days prior to the winter traffic season, instead of 90 days.

Paragraph (6): If agreement on capacity to be operated is not achieved, paragraph (6) procedures shall apply within 60 days prior to the winter traffic season, instead of 75 days.

(3) Tariffs. All tariffs filed to become effective on or after 1 November 1977, and all agreements filed to become effective on or after 1 January 1978 shall be subject to the provisions of Article 12 (Tariffs). Agreements filed to become effective prior to 1 January 1978 shall be subject to the provisions of Article 12 to the greatest extent feasible. Tariffs filed to become effective prior to 1 November 1977 shall be subject to the provisions of the 1946 Bermuda Agreement, and all tariffs in effect under the 1946 Bermuda Agreement shall continue in force, but either Contracting Party may notify the other Contracting Party of its dissatisfaction with any such tariffs, and the procedures set forth in this Agreement shall then apply.

ARTICLE 16

Consultations

Either Contracting Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement or compliance with this Agreement. Such consultations shall begin within a period of 60 days from the date the other Contracting Party receives the request, unless otherwise agreed by the Contracting Parties.

ARTICLE 17

Settlement of Disputes

(1) Any dispute arising under this Agreement, other than disputes where self-executing mechanisms are provided in Article 12 (Tariffs) and Annex 2, which is not resolved by a first round of formal consultations, may be referred by agreement of the Contracting Parties for decision to some person or body. If the Contracting Parties do not so agree, the

dispute shall at the request of either Contracting Party be submitted to arbitration in accordance with the procedures set forth below.

(2) Arbitration shall be by a tribunal of three arbitrators to be constituted as follows:

(a) within 30 days after the receipt of a request for arbitration, each Contracting Party shall name one arbitrator. Within 60 days after these two arbitrators have been nominated, they shall by agreement appoint a third arbitrator, who shall act as President of the arbitral tribunal;

(b) if either Contracting Party fails to name an arbitrator, or if the third arbitrator is not appointed in accordance with subparagraph (a) of this paragraph, either Contracting Party may request the President of the International Court of Justice to appoint the necessary arbitrator or arbitrators within 30 days. If the President is of the same nationality as one of the Parties, the most senior Vice-President who is not disqualified on that ground shall make the appointment.

(3) Except as otherwise agreed by the Contracting Parties, the arbitral tribunal shall determine the limits of its jurisdiction in accordance with this Agreement, and shall establish its own procedure. At the direction of the tribunal or at the request of either of the Contracting Parties, a conference to determine the precise issues to be arbitrated and the specific procedures to be followed shall be held no later than 15 days after the tribunal is fully constituted.

(4) Except as otherwise agreed by the Contracting Parties or prescribed by the tribunal, each Party shall submit a memorandum within 45 days of the time the tribunal is fully constituted. Replies shall be due 60 days later. The tribunal shall hold a hearing at the request of either Party or at its discretion within 15 days after replies are due.

(5) The tribunal shall attempt to render a written decision within 30 days after completion of the hearing or, if no hearing is held, after the date both replies are submitted, whichever is sooner. The decision of the majority of the tribunal shall prevail.

(6) The Contracting Parties may submit requests for clarification of the decision within 15 days after it is rendered and any clarification given shall be issued within 15 days of such request.

(7) Each Contracting Party shall, consistent with its national law, give full effect to any decision or award of the arbitral tribunal. In the event that one Contracting Party does not give effect to any decision or award, the other Contracting Party may take such proportionate steps as may be appropriate.

(8) The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties. Any expenses incurred by the President of the International Court of Justice in connection with the procedures of paragraph (2)(b) of this Article shall be considered to be part of the expenses of the arbitral tribunal.

ARTICLE 18

Amendment

Any amendments or modifications of this Agreement agreed by the Contracting Parties shall come into effect when confirmed by an Exchange of Notes.

ARTICLE 19

Termination

Either Contracting Party may at any time give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization. This Agreement shall terminate at midnight (at the place of receipt of the notice) immediately before the first anniversary of the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement before the end of this period.

ARTICLE 20

Registration with ICAO

This Agreement and all amendments thereto shall be registered with the International Civil Aviation Organization.

ARTICLE 21

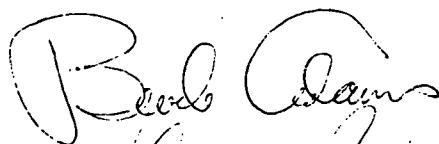
Entry into Force

This Agreement shall enter into force on the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

DONE in duplicate at Bermuda this 23rd day of July,
Nineteen Hundred and Seventy-Seven.

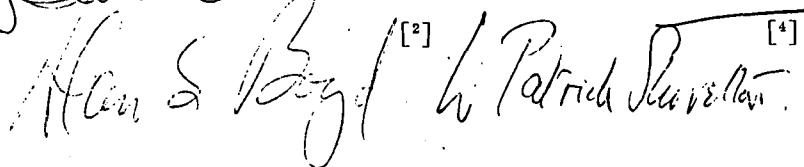
FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA:



FOR THE GOVERNMENT OF
THE UNITED KINGDOM OF
GREAT BRITAIN AND
NORTHERN IRELAND:

[¹]

[³]


[²] / 
[⁴]

¹ Brock Adams

² Alan S. Boyd

³ Edmund Dell

⁴ W. Patrick Shovelton

[Footnotes added by the Department of State.]

ANNEX 1 - Route SchedulesSection 1: Scheduled Combination Air Service Routes for the United States

1. Atlantic Combination Air Service
2. Round the World Combination Air Service
3. Pacific Combination Air Service
4. Bermuda Combination Air Service
5. Bermuda Combination Air Service - Beyond
6. Caribbean Combination Air Service

Section 2: Scheduled All-Cargo Air Service Routes for the United States

7. Atlantic All-Cargo Air Service
8. Pacific All-Cargo Air Service
9. Bermuda All-Cargo Air Service
10. Bermuda All Cargo Air Service - Beyond
11. Caribbean All-Cargo Air Service

Section 3: Scheduled Combination Air Service Routes for the United Kingdom

1. Atlantic Combination Air Service
2. Atlantic Combination Air Service via Canada
3. Atlantic Combination Air Service Beyond to Mexico City
4. Atlantic Combination Air Service Beyond to South America
5. Atlantic Combination Air Service Beyond to Japan
6. Pacific Combination Air Service
7. Pacific Combination Air Service via Tarawa
8. Bermuda Combination Air Service
9. Caribbean Combination Air Service

Section 4: Scheduled All-Cargo Air Service Routes for the United Kingdom

10. Atlantic All-Cargo Air Service
11. Atlantic All-Cargo Air Service Beyond to South America
12. Atlantic All-Cargo Air Service Beyond to Mexico
13. Pacific All-Cargo Air Service
14. Pacific All-Cargo Air Service via Tarawa
15. Bermuda All-Cargo Air Service
16. Caribbean All-Cargo Air Service

Section 5: Notes Applicable to All Route Schedules

Section 1: Scheduled Combination Air Service Routes for the United States

US Route 1: Atlantic Combination Air Services

<u>(A) US Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in UK Territory</u>	<u>(D) Points Beyond 2/ 3/</u>
Anchorage		London	Frankfurt
Atlanta		Prestwick/Glasgow	Hamburg
Boston			Munich
Chicago			Berlin
Dallas/Ft. Worth			
Detroit	1/		
Houston	—		
Los Angeles			
Miami			
New York			
Philadelphia			
San Francisco			
Seattle			
Washington/Baltimore			

An additional point to be agreed between the Contracting Parties 1/
An additional point to be agreed between the Contracting Parties 1/

1/ May not be served nonstop until three years after this Agreement enters into force.

2/ In addition, Austria and Belgium may be served for three years after this Agreement enters into force; the Netherlands, Norway and Sweden may be served for five years after this Agreement enters into force; and these points shall be considered as appearing in Column (D) for the specified periods.

3/ Only one US airline may be designated to serve each point in Column (D) on this route, including those in footnote 2,
except for Frankfurt for which two airlines may be designated on US Routes 1 and 2 taken together.

US Route 2: Round the World Combination Air Service 1/

<u>(A) US Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in UK Territory</u>	<u>(D) Points Beyond</u>
Segment (a): New York		London	Frankfurt 2/
Washington/Baltimore			Turkey
			Lebanon
			Syria
			Iran
			Pakistan
			New Delhi
			Calcutta
			Points on Segment (b) 3/
		Hong Kong	Thailand
Segment (b): Honolulu	Japan		Points on Segment (a) 3/
Los Angeles			
San Francisco			

1/ Not more than seven flights per week may operate in each direction on each segment.
 2/ Not more than two US airlines may be designated to serve Frankfurt on US Routes 1 and 2, taken together.
 3/ Segments (a) and (b) shall be combined, except as may be agreed pursuant to Article 2, paragraph (5).

US Route 3: Pacific Combination Air Service

<u>US Gateway Points</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
		<u>Intermediate Points</u>	<u>Points in UK Territory</u>	<u>Points Beyond</u>
Anchorage		Japan <u>1/</u>	Hong Kong	Thailand <u>2/</u>
Guam				Singapore <u>2/</u>
Honolulu				
Los Angeles				
New York				
San Francisco				
Seattle				

1/ Not more than 14 round trip combination flights per week may serve Japan with full traffic rights between Japan and Hong Kong. Flights which serve Japan on US Route 2 shall count toward this number.

2/ Thailand and Singapore may not both be served on the same flight. Not more than 7 round trip combination flights per week may serve these points taken together with full traffic rights between Hong Kong and these points. Flights which serve Thailand on US Route 2 shall count toward this number.

<u>US Route 4: Bermuda Combination Air Service</u>	<u>(D) Points Beyond</u>			
	<u>(A) US Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in UK Territory</u>	
Atlanta			Bermuda	
Baltimore				
Boston				
Chicago				
Detroit				
Miami				
New York				
Philadelphia				
Washington				

US Route 5: Bermuda Combination Air Service - Beyond

<u>(A) US Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in UK Territory</u>	<u>(D) Points Beyond</u>
Atlanta		Bermuda	Azores
Baltimore			Two points in Europe (other than the United Kingdom) to be agreed between the Contracting Parties
Miami			
Washington			

US Route 6: Caribbean Combination Air Service

<u>(A)</u> <u>US Gateway Points</u>	<u>(B)</u> <u>Intermediate Points</u>	<u>(C)</u> <u>Points in UK Territory</u>	<u>(D)</u> <u>Points Beyond</u>
Any point or points in US Territory	Aruba Bahamas Barbados Bonaire Cuba Curacao Dominican Republic Grenada Guadeloupe Guyana Haiti Jamaica Martinique St. Maarten St. Martin Trinidad & Tobago US points in the Caribbean area Venezuela	St. Christopher (St. Kitts)-Nevis-Anguilla 1/ St. Lucia St. Vincent Belize British Virgin Islands Cayman Islands Montserrat Turks & Caicos Islands	Antigua Dominica St. Kitts-Anguilla 1/ St. Lucia St. Vincent British Virgin Islands Cayman Islands Montserrat Turks & Caicos Islands

1/ Any one or more of the points may be served.

Section 2: Scheduled All-Cargo Air Service Routes for the United States
US Route 7: Atlantic All-Cargo Air Service

<u>(A) US Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in UK Territory</u>	<u>(D) Points Beyond</u>
Boston		London	Belgium
Chicago		Manchester	Netherlands
Detroit	Prestwick/Glasgow		Federal Republic of Germany
Houston ^{1/}			Turkey
Los Angeles			Lebanon
New York			Syria
Philadelphia			Jordan
			Iran
			India

1/ May not be served nonstop until three years after this Agreement enters into force.

US Route 8: Pacific All-Cargo Air Service

<u>US Gateway Points</u>	<u>(A)</u> US Gateway Points	<u>(B)</u> Intermediate Points	<u>(C)</u> Points in UK Territory	<u>(D)</u> Points Beyond
Anchorage			Hong Kong	
Chicago				
Guam				
Honolulu				
Los Angeles				
New York				
San Francisco				
Seattle				

<u>US Gateway Points</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
	Intermediate Points	Points in UK Territory		Points Beyond
Atlanta			Bermuda	
Baltimore				
Boston				
Chicago				
Detroit				
Miami				
New York				
Philadelphia				
Washington				

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US Route 10: Bermuda All-Cargo Air Service - Beyond

<u>US Gateway Points</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
		<u>Intermediate Points</u>	<u>Points in UK Territory</u>	<u>Points Beyond</u>
		Bermuda		Azores
Atlanta				Two points in Europe (other than the United Kingdom) to be agreed between the Contracting Parties
Baltimore				
Miami				
Washington				

<u>US Gateway Points</u>	<u>(A)</u> <u>US Intermediate Points</u>	<u>(B)</u> <u>Intermediate Points</u>	<u>(C)</u> <u>Points in UK Territory</u>	<u>(D)</u> <u>Points Beyond</u>
Any point or points in US Territory				
	Aruba		Antigua	
	Bahamas		Dominica	
	Barbados		St. Christopher (St. Kitts)-Nevis-Anguilla <u>Y</u>	
	Bonaire		St. Lucia	
	Cuba		St. Vincent	
	Curacao		Belize	
	Dominican Republic		British Virgin Islands	
	Grenada		Cayman Islands	
	Guadeloupe		Montserrat	
	Guyana		Turks & Caicos Islands	
	Haiti			
	Jamaica			
	Martinique			
	St. Maarten			
	St. Martin			
	Trinidad & Tobago			
	US points in the Caribbean area			
	Venezuela			

Y Any one or more of the points may be served.

Section 3: Scheduled Combination Air Service Routes for the United Kingdom
UK Route 1: Atlantic Combination Air Service

<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
London		Atlanta <u>1/</u>	
Manchester	Boston		
Prestwick/Glasgow	Chicago		
	Dallas/Ft. Worth <u>1/</u>		
	Detroit		
	Houston		
	Los Angeles		
	Miami		
	New York		
	Philadelphia		
	San Francisco		
	Seattle		
	Washington/Baltimore		

1/ May not be served nonstop until three years after this Agreement enters into force.

UK Route 2: Atlantic Combination Air Service via Canada

<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
London	Canada	Boston	
Manchester		Chicago	
Prestwick/ Glasgow		Dallas/Ft. Worth <u>1/</u>	
		Detroit	
		New York	
		Philadelphia	
		Washington/Baltimore	

1/ May not be served nonstop until three years after this Agreement enters into force.

<u>UK Gateway Points</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
		<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond Mexico City</u>
London			Boston	
Manchester			Detroit	
Prestwick/ Glasgow			New York	
			Philadelphia	
			Washington/Baltimore	

UK Route 4: Atlantic Combination Air Service Beyond to South America

<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
London		Atlanta <u>1/</u>	Venezuela
Manchester		Houston	Colombia
Prestwick/ Glasgow			Manaus
			Peru <u>2/</u>

1/ May not be served nonstop until three years after this Agreement enters into force.
2/ Without rights to carry local traffic between Houston and Peru.

<u>UK Route 5: Atlantic Combination Air Service Beyond to Japan</u>	<u>UK Gateway Points</u>	<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond</u>
	London		Anchorage	Japan

UK Route 6: Pacific Combination Air Service

<u>UK Gateway Points</u>	<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond</u>
Hong Kong	Japan <u>1/</u>	Guam	Vancouver <u>2/</u>
		Honolulu	
		Los Angeles <u>3/</u>	
		San Francisco <u>3/</u>	
		Seattle <u>3/</u>	

1/ As long as there is any frequency limitation on combination air services of US designated airlines between Japan and Hong Kong, UK designated airlines may not serve Japan with more than 7 round trip combination flights per week with full traffic rights between US points and Japan.

2/ The route segment Honolulu-Vancouver may not be served nonstop until five years after this Agreement enters into force.

3/ Only two of the points, San Francisco, Seattle or Los Angeles, may be served during a traffic season. A designated airline may, in its discretion, and with not less than 90 days notice, change from one of these points to another each season.

<u>UK Gateway Points</u>	<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond</u>
Tarawa	Christmas Island	Honolulu	

<u>UK Route 8: Bermuda Combination Air Service</u>	(A) <u>UK Gateway Points</u>	(B) <u>Intermediate Points</u>	(C) <u>Points in US Territory</u>	(D) <u>Points Beyond</u>
	Bermuda		Three points to be selected by the UK and notified to the US	

UK Route 9: Caribbean Combination Air Service

<u>UK Gateway Points</u>	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>
	<u>UK Gateway Points</u>	<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond</u>
St. Christopher (St. Kitts)-Nevis-Anguilla	2/	Dominican Republic	Baltimore <u>1/</u> Houston <u>1/</u> Miami <u>1/</u> New Orleans <u>1/</u> Puerto Rico	
St. Lucia		Grenada	Tampa <u>1/</u>	
St. Vincent		Guadeloupe	US Virgin Islands	
Belize		Guyana	Washington <u>1/</u>	
British Virgin Islands		Haiti		
Cayman Islands		Jamaica		
Montserrat		Martinique		
Turks & Caicos Islands		St. Maarten		
		St. Martin		
		Trinidad & Tobago		
		Any point or points in Column (A)		

1/ Each UK designated airline may not during a traffic season serve more than two of the following US points: Baltimore, Houston, Miami, New Orleans, Tampa or Washington. Each designated UK airline may, in its discretion, and with not less than 90 days notice, change from one of these points to another each season.

2/ Any one or more of these points may be served.

Section 4: Scheduled All-Cargo Air Service Routes for the United Kingdom

(A) UK Gateway Points	(B) Intermediate Points	(C) Points in US Territory	(D) Points Beyond
			Panama <u>1/</u>
London	Canada <u>1/</u>	Boston	
Manchester		Chicago	
Prestwick/ Glasgow		Detroit	
		Los Angeles <u>1/</u>	
		New York	
		Washington/Baltimore	

I Without rights to carry local traffic between Los Angeles and Canada and between Los Angeles and Panama.

UK Route 11: Atlantic All-Cargo Air Service Beyond to South America

<u>UK Gateway Points</u>	<u>Intermediate Points</u>	<u>Points in US Territory</u>	<u>Points Beyond</u>
London		Atlanta <u>1/</u>	Venezuela
Manchester		Houston	Colombia
Prestwick/ Glasgow			Manaus
			Peru <u>2/</u>

1/ May not be served nonstop until three years after this Agreement enters into force.
2/ Without rights to carry local traffic between Houston and Peru.

UK Route 12: Atlantic All-Cargo Air Service Beyond to Mexico

<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
London			Miami
Manchester			
Prestwick/Glasgow			Mexico City

<u>UK Route 13: Pacific All-Cargo Air Service</u>	<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
	Hong Kong		Guam	Honolulu Los Angeles San Francisco Seattle

UK Gateway Points	(A)	(B)	(C)	(D)
	UK	Intermediate Points	Points in US Territory	Points Beyond
Tarawa		Christmas Island	Honolulu	

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<u>UK Route 15: Bermuda All-Cargo Air Service</u>	<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
	Bermuda		Three points to be selected by the UK and notified to the US	

UK Route 16: Caribbean All-Cargo Air Service

<u>(A) UK Gateway Points</u>	<u>(B) Intermediate Points</u>	<u>(C) Points in US Territory</u>	<u>(D) Points Beyond</u>
Antigua	Bahamas	Baltimore 1/	
Dominica	Barbados	Houston 1/	
St. Christopher (St. Kitts)-Nevis-Anguilla	Cuba	Miami 1/	
St. Lucia	Dominican Republic	New Orleans 1/	
St. Vincent	Grenada	Puerto Rico	
Belize	Guadeloupe	Tampa 1/	
British Virgin Islands	Guyana	US Virgin Islands	
Cayman Islands	Haiti	Washington	
Montserrat	Jamaica		
Turks & Caicos Islands	Martinique		
	St. Maarten		
	St. Martin		
	Trinidad & Tobago		
	Any point or points in Column (A)		

1/ Each UK designated airline may not during a traffic season serve more than two of the following US points: Baltimore, Houston, Miami, New Orleans, Tampa or Washington. Each designated UK airline may, in its discretion, and with not less than 90 days notice, change from one of these points to another each season.

2/

SECTION 5NOTES APPLICABLE TO ALL ROUTES

1. In addition to the right to carry transit, connecting, and local traffic between points in column B and points in column C and between points in column C and points in column D, designated airlines may carry transit and on-line connecting traffic between points in column C and points in other countries, including countries not listed in columns B or D. Such on-line connecting traffic may be connected at any points in columns A, B, C or D or at any points in countries not listed in such columns.
2. Each designated airline may carry transit and on-line connecting traffic between any two points in the territory of the other Contracting Party which appear in either column C or column D on any route for which that airline is designated.
3. Except as may be otherwise specifically provided, a designated airline may, on any or all flights, and at its option, serve points on a route and operate via points not listed in columns A, B, C or D in any order, operate flights in either or both directions, and omit stops at any point or points, without loss of any right to uplift or discharge traffic otherwise permissible under the relevant routes or notes applicable thereto, provided that the service begins or terminates in the territory of the Contracting Party designating the airline. Unless specifically restricted, a point on a route appearing in column B shall be considered as also appearing in column D, and a point in column D shall be considered as also appearing in column B.
4. A designated airline may carry traffic between points in column A and points in column C, on the same flight or otherwise, via points in other countries, including countries not listed in columns B or D.
5. A designated airline may serve points behind any homeland gateway point shown in column A with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services.
6. A designated airline of one Contracting Party may make a change of gauge in the territory of the other Contracting Party or at points in column B or column D or at points in other countries, provided that:
 - (a) operations beyond the point of change of gauge shall be performed by an aircraft having capacity less, for outbound services, or more, for inbound services, than that of the arriving aircraft;
 - (b) aircraft for such operations shall be scheduled in coincidence with the inbound or outbound aircraft, as the case may be, and shall have the same flight number;
 - (c) in the case of combination air services only, the onward flight, inbound or outbound as the case may be, shall be scheduled to depart within three hours of the scheduled arrival of the incoming aircraft, unless airport curfews, airport slots, or other operational constraints, at the point where change of gauge occurs or at the next point or points of destination of the flight, prevent such scheduling; and

- (d) if a flight is delayed by unforeseen operational or mechanical problems, the onward flight may operate without regard to the conditions in paragraphs (b) and (c) of this Note.
7. Stops for non-traffic purposes may be made at any point in connection with the operations on any route.
8. Notwithstanding the terms of Notes 1, 4 and 7 of this Section, US designated airlines serving Hong Kong shall not make stops for traffic or non-traffic purposes at any point or points in the mainland territory of the People's Republic of China.
9. In these Notes:

"Transit traffic" means that traffic which is carried on a flight through a point. Flight, for the purpose of this definition, means either:

- (a) The arrival and onward operation of an aircraft by an airline whether or not under the same flight identification number, or
- (b) the arrival of one aircraft and next onward operation of another aircraft under the same flight identification number, as otherwise allowable under this Agreement, including Note 6 of this Section; and

"On-line connecting traffic" means that traffic which is carried on an incoming flight of an airline and is transferred to an onward flight of the same airline under a different flight identification number. For passengers only, the onward transfer shall be ticketed on the first available onward flight of that airline for the point to which a passenger is connecting, provided that the time between the scheduled arrival of the incoming flight and the scheduled departure of the onward flight does not exceed 24 hours.

ANNEX 2 - Capacity on the North Atlantic

(1) In order to ensure the sound application of the principles set forth in Article 11 (Fair Competition) of this Agreement and in view of the special circumstances of North Atlantic air transport, the Contracting Parties have agreed to the following procedures with respect to combination air services on US Routes 1 and 2 and UK Routes 1, 2, 3, 4 and 5, specified in Annex 1.

(2) The purpose of this Annex is to provide a consultative process to deal with cases of excess provision of capacity, while ensuring that designated airlines retain adequate scope for managerial initiative in establishing schedules and that the overall market share achieved by each designated airline will depend upon passenger choice rather than the operation of any formula or limitation mechanism. In keeping with these objectives, the Contracting Parties desire to avoid unduly frequent invocation of the consultative mechanism or limitation provision in order to avoid undue burden of detailed supervision of airline scheduling for the Contracting Parties.

(3) Not later than 180 days before each summer and winter traffic season, each designated airline shall file with both Contracting Parties its proposed schedules for services on each relevant gateway route segment for that season. Such schedules shall specify the frequency of service, type of aircraft and all the points to be served. The designated airlines may amend their filings in the light of the schedules so filed and shall file such amendments with both Contracting Parties not later than 165 days before each summer and winter traffic season. In the event that adjustments in schedules are later required, such adjustments shall be filed with both Contracting Parties on a timely basis. A resulting increase in frequency by an airline on any gateway route segment shall be subject to the approval of the other Contracting Party.

(4) If a Contracting Party (the "Receiving Party") believes that an increase in frequency of service on a gateway route segment contained in any of the schedules so filed with it by a designated airline of the other Contracting Party (the "Requesting Party") may be inconsistent with the principles set forth in Article 11 of this Agreement, it shall, not later than 150 days before the next traffic season, notify the Requesting Party, giving the reasons for its belief and, in its discretion, indicating the increase, if any, in frequency of service on the gateway route segment which it considers consistent with the Agreement. Such notification shall not, however, be permitted in respect of a schedule for a summer traffic season which specifies a total of 120 or fewer round trip frequencies on any gateway route segment or for a winter traffic season which specifies 88 or fewer such frequencies. The Requesting Party shall review the increase in frequency of service called into question in the light of the principles set forth in Article 11, taking into account the public requirement for adequate capacity, the need to avoid uneconomic excess capacity, the development of routes and services, the need for viable airline operations, and the capacity offered by airlines of third countries between the points in question. The Requesting Party shall, not later than 120 days before the next traffic season, notify the Receiving Party of the extent to which it considers that the increase in frequency is consistent with the principles set forth in Article 11.

(5) If the Receiving Party is not satisfied with the Requesting Party's determination with respect to the increase in frequency in question, it shall so notify the Requesting Party not later than 105 days

before the next traffic season, and consultations shall be held as soon as possible and in any event not later than 90 days before that traffic season. In such consultations, the Parties shall exchange relevant economic data, including forecasts of the percentage increase in total on-board revenue passenger traffic expected on the gateway route segment in question when the next traffic season is compared with the previous corresponding season.

(6) If, 75 days before the traffic season begins, agreement has not been reached through such consultations, each designated airline on the gateway route segment in question shall be entitled to operate during the next traffic season the schedule it proposes to operate, but not more than the sum of:

(a) the total number of round trip frequencies (excluding extra sections) which that airline was allowed under this Annex to operate on that gateway route segment during the previous corresponding season; and

(b) such number of round trip frequencies as are determined by applying to the number described in subparagraph (a) the average of the forecast percentages mentioned in paragraph (5) of this Annex. An addition of 20 round trip frequencies during a summer traffic season or 15 during a winter traffic season shall in any event be permitted.

In no event shall a designated airline be required to operate fewer than 120 round trip frequencies during a summer traffic season or 88 during a winter traffic season.

(7) A designated airline of one Contracting Party which inaugurates service on a gateway route segment already served by a designated airline or airlines of the other Contracting Party shall not be bound by the limitations set forth in paragraph (6) of this Annex for a period of two years or until it matches the frequencies of any incumbent airline of that other Contracting Party, whichever occurs first.

(8) Operations of Concorde aircraft by United Kingdom designated airlines shall not be subject to the provisions of this Annex. In order, however, that this exclusion should not unfairly affect United States designated airlines, the United States airline designated to operate combination air services on the Washington-London gateway route segment may not be required, under paragraph (6) of this Annex, to operate fewer than seven round trip flights per week.

(9) Each Contracting Party shall allow filed schedules which have not been questioned under paragraph (5) of this Annex to become effective on their proposed commencement dates. Each Contracting Party shall allow schedules which may have been determined by agreement through consultations or, in the absence of such agreement, as provided in paragraph (6) of this Annex, to become effective on their proposed commencement dates. Each Contracting Party may take such steps as it considers necessary to prevent the operation of schedules which include frequencies greater than those permitted or agreed under this Annex.

(10) Each designated airline shall be entitled to operate extra sections on any gateway route segment, provided that such extra sections are not advertised or held out as separate flights.

(11) In the event that either Contracting Party believes that this Annex is not achieving the objectives set forth in paragraph (2), they may consult at any time, pursuant to Article 16 (Consultations) of this Agreement, to consider alterations to the procedures or numerical limitations.

(12) Subject to Article 19 (Termination) of this Agreement, this Annex shall remain in force for a period of five years. The Contracting Parties shall consult during the first quarter of the fifth year after the entry into force of this Agreement to review the operation of the Annex and to decide as to its extension or revision. If the Contracting Parties do not agree on extension or revision, this Annex shall remain in force for a further period of two years and shall then lapse.

(13) For the purposes of this Annex, "summer and winter traffic seasons" mean, respectively, the periods from 1 April through 31 October and from 1 November through 31 March.

ANNEX 3 - Tariffs

(1) A Tariff Working Group shall be established and shall consist of experts from each Contracting Party in areas such as accounting, statistics, financial analysis, economics, pricing and marketing.

(2) The Tariff Working Group shall meet within 90 days of the entry into force of this Agreement and thereafter as necessary to accomplish the objectives of this Agreement.

(3) The Tariff Working Group shall develop procedures for the exchange, on a recurrent basis, of verified financial and traffic statistics in order to assist each Contracting Party in assessing tariff proposals.

(4) The Tariff Working Group shall, by 23 July 1978, make recommendations to the Contracting Parties on load factor standards and evaluation and review criteria for North Atlantic tariffs.

(5) The Contracting Parties shall review the recommendations of the Tariff Working Group and, subject to the outcome of this review, shall give due consideration to these recommendations in reviewing tariffs and agreements reached under the auspices of the International Air Transport Association.

(6) Either Contracting Party may from time to time request that the Tariff Working Group be convened to consider specific issues.

ANNEX 4 - Charter Air Service

(1) The Memorandum of Understanding on Passenger Charter Air Services between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, applying from 1 April 1977,^[1] shall be regarded as being incorporated in this Annex for as long as it remains in force.

(2) Articles 1, 2 (paragraphs (1), (3), and (4)), 4, 6, 7, 8 (except that paragraph (3) shall apply only to the extent authorized by the aeronautical authorities in the relevant territory), 9, 10, 14, 16, 17, 18, 19, 20, and 21 of this Agreement shall apply to airlines authorized by both Contracting Parties to operate charter international air services between the territories of the two Contracting Parties.

¹ TIAS 8608; 28 UST 4497.

(3) In furtherance of paragraphs (1) and (2) of Article 14 of this Agreement, the Contracting Parties agree that it is desirable to work toward a multilateral arrangement for charter air services in the North Atlantic market. The Contracting Parties also agree that a bilateral agreement would be an appropriate means of achieving their common objective. Such bilateral agreement should include, among other matters, progressive charterworthiness conditions, freedom of market access, arrangements for designation and authorization of charter airlines which lead to the issue of permits rather than individual flight licenses, minimization of administrative burdens, all-cargo charter arrangements, and capacity and price arrangements consistent with those contained in the Memorandum of Understanding on Passenger Charter Air Services. The Contracting Parties shall enter into negotiations as soon as possible and, in any event, not later than 31 December 1977, to work towards the foregoing objectives. In the absence of agreement by 31 March 1978, the Contracting Parties agree to consult further with a view to a continuation of liberal arrangements for charter air services.

[EXCHANGE OF LETTERS]

BERMUDA 23 July 1977

DEAR MR. SHOVELTON:

I refer to the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Air Services signed at Bermuda on today's date, and wish to set forth on behalf of my Government the following statements of interpretation with regard to certain provisions of the Agreement:

Article 3 (Designation and Authorization of Airlines)—Multiple Designation in respect of Dependent Territories

The United Kingdom Government has expressed concern over the situation which could arise under Article 3 of the Agreement if the United States were to designate more airlines to serve Bermuda, Hong Kong, and United Kingdom points in the Caribbean area than were designated under the 1946 Bermuda Agreement without the United Kingdom and its dependencies having the opportunity to do more than consult with the United States. While the terms of the Agreement do not impose any general limitations on the number of United States airlines which may be designated to serve those points, the wishes of the United Kingdom and its dependencies are relevant to the decision of the United States Government concerning such designations. Should the United Kingdom transmit to the United States its views or those of its dependencies concerning United States Civil Aeronautics Board proceedings which might result in designations believed to be excessive by the United Kingdom or its dependencies, those views would be transmitted by the Department of State to the Civil Aeronautics Board for consideration during the Board's proceedings, and would also be transmitted to the President for consideration in his review of Civil Aeronautics Board proposals.

Article 3 (Designation and Authorization of Airlines)—Caribbean Ownership and Control

(1) Under the terms of Article 3 (Designation and Authorization of Airlines) of the Agreement, it is the intention of the Government of the United Kingdom to designate, in the first instance, the following Caribbean-based United Kingdom airlines for services on United Kingdom Routes 9 and 16:

LIAT (1974) Limited
Air BVI (1976)
Cayman Airways Limited
Belize Airways Limited.

(2) The Government of the United States will use its best efforts to ensure that the necessary operating authorizations are issued to those airlines, provided that:

- (a) substantial ownership and effective control of such airlines continues to include at least as great an element of United Kingdom ownership and control as existed when operating authorizations were last issued to these airlines; and
- (b) significant financial interest or control in such airlines is not exercised by United States nationals or by nationals or governments of major developed States or by airlines of third countries; and
- (c) such airlines demonstrate to the United States aeronautical authorities that they are taking significant steps towards greater ownership and control by United Kingdom nationals.

(3) The Government of the United States will use its best efforts to ensure that the necessary operating authorizations are issued to any additional airlines designated by the United Kingdom for services on United Kingdom Routes 9 and 16, provided that there is no less degree of United Kingdom ownership and control than has been accepted in the case of the airlines named in paragraph (1) above and provided that the conditions set out in paragraph (2) above are likewise fulfilled.

(4) The United States Government understands that the Recommended Opinion of the Civil Aeronautics Board on Belize Airways Limited (Docket 29740) is, in the view of the United Kingdom Government, consistent with the above assurances. The recommended permit has not yet been approved. It is understood that, during the two-year term the permit issued to Belize Airways would remain in effect, the United States aeronautical authorities expect Belize Airways to take significant steps to transfer substantial ownership and effective control to United Kingdom nationals.

Article 8 (Commercial Operation)—Ground Handling

It is the intention of the United Kingdom and the United States Governments that airlines should, to the greatest extent feasible, be permitted flexibility in ground handling. To the extent that designated airlines of one Contracting Party are performing their own ground handling at any airport on the date the Agreement enters into force, such airlines will be permitted unless circumstances change to continue to perform such services at that airport. Designated airlines whose ground handling has been performed under arrangements with other airlines or organizations will similarly be permitted unless circumstances change to continue such arrangements. Should circumstances change, consultations will be held before any changes are made. It is understood that no changes in ground handling arrangements are currently contemplated at London-Heathrow.

Article 9 (Customs Duties)

The United Kingdom Government has indicated that it understands the importance that the United States attaches to the relief of ground equipment from Customs duty. The United Kingdom Government has indicated that because the grant of relief from Customs duty is governed by Regulations of the Council of the European Economic Community, it is precluded from autonomously granting relief from Customs duty on ground equipment introduced into the United Kingdom for use in the maintenance, repair and servicing of aircraft engaged in international air service. If the Community by Regulation agrees to provide for relief from duty on ground equipment, the United Kingdom Government will be prepared to amend Article 9 of the Agreement so as to provide for the grant of relief. In the interim, the United Kingdom authorities will relieve ground equipment from Customs duty to the fullest extent permitted by national law and will give the most favorable consideration possible to requests from United States airlines under the existing Hire and Loan provisions.

Article 10 (User Charges)

With respect to paragraph (4) of Article 10, the United States Government expects that in its territory consultations will normally take place directly between the competent charging authority and airlines.

Article 12 (Tariffs)—North Atlantic Fare Investigation

(1) A proceeding, entitled *North Atlantic Fare Investigation*, is currently under way before the United States Civil Aeronautics Board. The purpose of the investigation is to consider rate-making standards and principles that should be used in reviewing the reasonableness of tariffs for North Atlantic passenger air services.

(2) The ultimate decisions in the *North Atlantic Fare Investigation* must be based on a public record according to procedures specified in the United States Administrative Procedure Act. Depending upon the nature of the decision, certain aspects may be legally binding on the United States Civil Aeronautics Board. Under the United States domestic law, the Civil Aeronautics Board has authority over agreements concluded under the auspices of the International Air Transport Association, while Civil Aeronautics Board action disapproving tariffs must be reviewed by the President.

(3) It is hoped that during the course of the *North Atlantic Fare Investigation*, the Tariff Working Group can consult and exchange information on the issues and facts developed in that proceeding. Following the United States Civil Aeronautics Board's decision in the *North Atlantic Fare Investigation*, the United States hopes that the Tariff Working Group will meet to consider the United States Civil Aeronautics Board's determinations, to identify points of agree-

ment and disagreement, and to develop recommendations for their respective Governments with respect to the disposition of agreements.

(4) If the Tariff Working Group established by Article 12 (Tariffs) adopts recommendations on standards and criteria for North Atlantic tariffs, the United States Civil Aeronautics Board will give due consideration to such recommendations in reviewing tariffs and agreements concluded under the auspices of the International Air Transport Association.

Article 12 (Tariffs)—Currency Exchange Rates and Local Selling Prices

(1) Article 12 of the Agreement does not cover one matter which has been of pressing concern to the authorities of the United Kingdom and the United States, namely, the conversion of tariffs agreed under the auspices of the International Air Transport Association, or otherwise, into selling prices in local currencies. In recent years, as certain currencies have depreciated in relation to others, the conversion mechanism applied to tariff prices to determine local selling prices payable in pounds has frequently not kept pace with the changing currency relationship. This has led to the dilution of revenues of airlines of the countries with stronger currencies and may have contributed to distortion of traffic flows and marketing abuses. It is the intention of the Governments of the United Kingdom and the United States that, in principle, the fares paid in each currency should reflect actual currency exchange rates.

(2) Pending full implementation of this general principle, the United Kingdom Government will use its best efforts to increase the level prevailing for passenger transportation and the currency surcharges applicable to cargo shipments not later than 1 October 1977, and the surcharges applicable to APEX travel not later than 1 April 1978. In the case of APEX fares, however, which are geared essentially to specific market conditions in the country of origin of the traffic (including the general level of competing charter services), there may, under some circumstances, need to be directional differences in the fares themselves, as distinct from the surcharges applied to them.

(3) The United States Government recognises that the general principle set forth above is applicable also in relation to Hong Kong.

Annex 1—Route Schedules

Nonstop combination air services by a United States airline or airlines between Atlanta and London and between Houston and London will serve London-Gatwick Airport, provided that the United Kingdom airline serving these United States points also serves London-Gatwick Airport on these routes. If nonstop combination air services between Dallas/Ft. Worth and London are operated by a United States airline which already serves London-Heathrow, that airline will serve London-Heathrow on this route until a United

Kingdom airline operating nonstop combination air services on this route serves London-Gatwick Airport, at which time the United States airline will also serve London-Gatwick Airport on its nonstop combination air services on this route. If the United States airline designated to serve Dallas/Ft. Worth-London does not already serve London-Heathrow, it will serve London-Gatwick Airport, provided that the designated United Kingdom airline, when it starts services on the route, also serves London-Gatwick Airport.

Sincerely yours,

ALAN S. BOYD

Alan S. Boyd

PATRICK SHOVELTON, Esq.
Leader of the United Kingdom Delegation

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BERMUDA 23 July 1977

DEAR MR AMBASSADOR,

I have the honour to acknowledge receipt of your letter of today's date, setting out certain statements of interpretation regarding the Agreement between our two Governments concerning Air Services signed at Bermuda on today's date. I have the honour to confirm that these statements reflect equally the understanding of my Government.

I have the honour to be,

Sir,

Your obedient Servant

PATRICK SHOVELTON

The Honorable ALAN S BOYD
Special Ambassador
Chairman of the United States Delegation

22 JUNE 1977
0500 HOURS

AGREED MINUTE

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland, through their designated representatives have agreed upon terms for a new air services agreement, a draft of which is attached to this Agreed Minute.^[1] The new Agreement will replace the Agreement between the Government of the United States and the Government of the United Kingdom Relating to Air Services between their Respective Territories ("the 1946 Bermuda Agreement") which expires on June 21, 1977. The 1946 Bermuda Agreement will be observed as if it were still in force until July 31st, 1977, or until the date when the new Agreement will be signed at Bermuda and will enter into force. Prior to that date representatives of the United States and of the United Kingdom will review the draft Agreement, will resolve any remaining issues which may arise in the course of the review and will make such drafting modifications as are required in order to arrive at a final text of the new Agreement.

W P SHOVELTON

ALAN S. BOYD

¹ Not printed. The draft text is deposited in the archives of the Department of State where it is available for reference. For the text as signed, see pp. 2-53. [Footnote added by the Department of State.]

MEXICO
Customs Services

*Agreement signed at México September 30, 1976;
Entered into force January 26, 1977.*

AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA AND
THE UNITED MEXICAN STATES
REGARDING MUTUAL ASSISTANCE
BETWEEN THEIR CUSTOMS SERVICES

The United States of America and the United Mexican States,

Considering that offenses against customs laws are prejudicial to the economic, fiscal and commercial interests of their respective countries,

Considering the importance of assuring the accurate assessment of duties and other taxes collected on the importation or exportation of goods, as well as the importance of controls on foreign commerce which each respective Customs Service enforces,

Convinced that action against customs offenses can be made more effective by cooperation between their Customs Services,

Having regard to the Recommendation of the Customs Co-operation Council on Mutual Administrative Assistance of December 5, 1953,

HAVE AGREED AS FOLLOWS.

Article 1

Definitions

For the purposes of the present Agreement,

TIAS 8642

1) "Customs laws" shall mean such laws and regulations enforced by the Customs Services concerning the importation, exportation, transshipment and transit of goods, as relate to customs duties and other taxes, or to prohibitions, restrictions and other similar controls respecting the movement of goods and other controlled items across national boundaries.

2) "Customs Services" shall mean in the United States of America, the United States Customs Service, Department of the Treasury and, in Mexico, LaDireccion General de Aduanas de la Secretaria de Hacienda y Credito Publico.

3) "Offense" shall mean any violation of the customs law as well as any such attempted violation.

Article 2

Scope of Assistance

1) The Parties agree to assist each other through their Customs Services, to prevent, investigate and repress any offense, in accordance with the provisions of the present Agreement.

2) Assistance, as provided in this Agreement, shall also be extended upon request for the purpose of assessing customs duties and other taxes by the Customs Services and for the purpose of enforcing controls within the authority of the Customs Services.

3) Mutual assistance as provided in paragraphs 1 and 2 shall be provided for use in all proceedings, whether judicial, administrative or investigative and shall also include in the United States of America proceedings on "liquidated damages"

4) All actions under the present Agreement by either Party will be performed in accordance with its laws.

Article 3

Obligation to Observe Confidentiality

- 1) Inquiries, information, documents and other communications received by either Party shall, upon request of the supplying Party, be treated as confidential. The reasons for such a request shall be stated.
- 2) Information, documents and other communications received in the course of mutual assistance may only be used for the purposes specified in the present Agreement, including use in judicial or administrative proceedings. Such information, documents and other communications may be used for other purposes only when the supplying Party has given its express consent.

Article 4

Exemptions from Assistance

- 1) In cases where the requested Party is of the opinion that compliance with a request would infringe upon its sovereignty, security, public policy or other substantive national interests, assistance can be refused or compliance may be made subject to the satisfaction of certain conditions or requirements.
- 2) In cases where a request is made which the requesting Party itself would be unable to provide if requested by the other Party, the requesting Party shall draw attention to this fact in its request. Compliance with such a request shall be within the discretion of the requested Party

Article 5

Form and Substance of Requests for Assistance

- 1) Requests pursuant to the present Agreement shall be made in writing. Documents necessary for the execution of such

requests shall accompany the request. When required because of the exigency of the situation, oral requests may also be accepted but shall be confirmed in writing.

2) Requests pursuant to paragraph 1 shall include the following information:

- (a) the authority making the request,
- (b) the nature of the proceedings;
- (c) the object of and the reason for the request,
- (d) the names and addresses of the parties concerned in the proceedings, if known,
- (e) a brief description of the matter under consideration and the legal elements involved.

Article 6

Channel

1) Assistance shall be carried out in direct communication between officials designated by the Heads of the respective Customs Services

2) In case the Customs Service of the requested Party is not the appropriate agency to comply with a request, it shall transmit the request to the appropriate agency

Article 7

Execution of Requests

1) The law of the requested Party shall be applicable in the execution of requests, the requested Customs Service shall be required to seek any official or judicial measure necessary to carry out the request.

2) The Customs Service of either Party shall, upon the request of the Customs Service of the other Party, conduct any necessary investigation, including the questioning of persons

suspected of having committed an offense, as well as of experts and witnesses.

3) The Customs Service of either Party shall, upon the request of the Customs Service of the other Party, undertake verifications, inspections and fact-finding inquiries in connection with the matters referred to in the present Agreement.

4) A request by a Party that a certain procedure be followed shall be complied with pursuant to the laws applicable according to paragraph 1.

5) A request by a Party that its representative be present when the action to be taken is carried out shall be complied with to the fullest extent possible.

6) The requesting Party shall, if it so requests, be advised of the time and place of the action to be taken in response to the request.

7) In the event that the request cannot be complied with, the requesting Party shall be promptly notified of that fact, with a statement of the reasons and of circumstances which might be of importance for the further pursuit of the matter

Article 8

Files, Documents and other Materials; Experts and Witnesses

1) Originals of files, documents and other materials shall be requested only in cases where copies would be insufficient.

2) Originals of files, documents and other materials which have been transmitted shall be returned at the earliest opportunity; rights of the requested Party or of third parties relating thereto shall remain unaffected.

3) The Customs Service of one Party shall authorize its employees upon the request of the Customs Service of the other Party, to appear as experts or witnesses in judicial or administrative proceedings in the territory of the other Party and to produce such files, documents or other materials or authenticated copies thereof, as may be considered essential for the proceedings

Article 9

Costs

The Parties shall waive all claims for reimbursement of costs incurred in the execution of the present Agreement, with the exception of expenses for experts and witnesses.

Article 10

Special Instances of Assistance

1) Upon request, the Customs Services shall inform each other whether goods exported from the territory of one Party have been lawfully imported into the territory of the other Party. The information shall, upon request, contain the customs procedure used for clearing the goods.

2) The Customs Service of one Party, upon the request of the Customs Service of the other Party, shall, to the extent of its ability, exercise special surveillance of:

- (a) means of transport suspected of being used in offenses within the territory of the requesting Party,
- (b) goods designated by the requesting Party as the object of an extensive clandestine trade of which it is the country of destination,

(c) particular persons known or suspected by the requesting

Party of being engaged in an offense.

3) The Customs Services of the Parties shall, upon request,

furnish each other all available information regarding activities

which may result in offenses within the territory of the other

Party In serious cases which could involve substantial damage to the economy, public health, public security, or any other vital interest of the other Party, such information shall be supplied without being requested.

4) The Customs Services of the Parties, for the purpose of

aiding, within the scope of their authority, in the repression

of offenses involving narcotics, will communicate to each other

as far as possible, without the necessity of a request, all

information regarding such possible violations of the customs

laws of the other Party

5) The Customs Services of the Parties shall take such

steps as may be appropriate and within the scope of their authority

in order to ensure that goods exported and imported over the

common frontier pass through the competent Customs offices

and under such controls as it may be appropriate to impose.

6) The Customs Services of the Parties shall communicate

to each other for that purpose a list of the Customs offices

located along the common frontier, details of the powers of

those offices and their working hours and, when appropriate,

any changes in these particulars.

7) The Customs Services of the Parties shall endeavor to

correlate the powers and working hours of corresponding Customs

offices, subject to operational and working limitations and

in accordance with the requirements imposed by the flow of their international trade.

8) The Customs Services shall furnish each other all information which may be useful for enforcement actions against offenses, in particular information relating to new methods used in committing such offenses. They shall, furthermore, furnish copies of reports or excerpts from reports on the subject of special means for combating offenses.

9) The Customs Services of the Parties shall, upon request, furnish all available information, on a continuing basis, regarding the movement of goods, vessels, vehicles, and aircraft between the United States and Mexico.

Article 11

Implementation of the Agreement

The United States Customs Service, Department of the Treasury of the United States of America and La Direccion General de Aduanas de la Secretaria de Hacienda y Credito Publico of Mexico, may communicate directly for the purpose of dealing with matters arising out of the present Agreement which are not questions of foreign policy or international law, and after consultation shall issue any administrative directives for the implementation of the present Agreement, and shall endeavor by mutual accord to resolve problems or doubts arising from the interpretation or application of the Agreement.

Article 12

Territorial Applicability

This Agreement shall be applicable to the customs territory of the United States of America and to the customs territory of Mexico.

It shall also be applicable to the Virgin Islands of the United States of America.

Article 13

Entry into Force and Termination

- 1) This Agreement shall enter into force on the date on which the Parties notify one another by an exchange [¹] of diplomatic notes that they have accepted its terms.
- 2) The Parties agree to meet in order to review this Agreement at the end of five years counted from the date of its entry into force, unless they notify one another in writing that no review is necessary.
- 3) This Agreement may be terminated by denunciation by either Party and shall cease to be in force six months after the notification of the denunciation has been made.

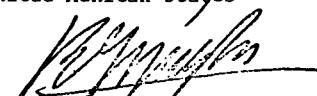
DONE at Mexico City, Mexico on September 30, 1976, in duplicate, in the English and Spanish languages, both texts being equally authentic.

For the
United States of America

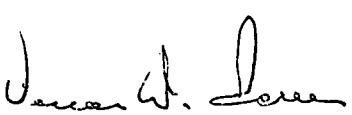
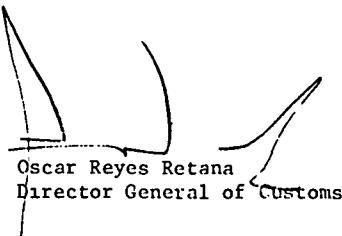


Joseph John Jova
Ambassador of the United States of America

For the
United Mexican States



Ruben González Sosa
Under Secretary of Foreign Relations


Vernon D. Acree
United States Commissioner of Customs
Oscar Reyes Retana
Director General of Customs

¹ Jan. 26, 1977.

ACUERDO ENTRE EL GOBIERNO DE LOS ESTADOS UNIDOS DE AMERICA
Y EL GOBIERNO DE LOS ESTADOS UNIDOS MEXICANOS
SOBRE LA ASISTENCIA MUTUA ENTRE SUS SERVICIOS DE ADUANAS

El Gobierno de los Estados Unidos de America y el Gobierno de
los Estados Unidos Mexicanos;

Considerando que las violaciones o infracciones a la legislación
aduanera perjudican los intereses económicos, fiscales y comerciales de
sus respectivos países;

Considerando la importancia de asegurar un aforo exacto de los
aranceles y otros impuestos que se recaudan sobre la importación o ex-
portación de bienes, así como la de los controles sobre el comercio in-
ternacional que ejercen los Servicios Aduaneros respectivos;

Convencidos de que las medidas contra las violaciones o infrac-
ciones aduaneras pueden ser más eficaces mediante la cooperación en-
tre sus Servicios de Aduanas;

Tomando en cuenta la recomendación del Consejo de Cooperación
Aduanera respecto a Asistencia Administrativa Mutua del 5 de diciem-
bre de 1953;

Han acordado lo siguiente:

ARTICULO 1

Definiciones

Para los fines del presente Acuerdo:

1) "Leyes aduaneras" significará las leyes y reglamentos que los servicios de aduanas aplican a la importación, exportación, transbordo y tránsito de bienes, segun se relacionan con los aranceles y otros impuestos, o con las prohibiciones, restricciones y otros controles semejantes sobre el movimiento de bienes y todo otro artículo controlado a través de fronteras nacionales.

2) "Servicios de Aduanas" significará, en los Estados Unidos de América, el Servicio de Aduanas de los Estados Unidos, Departamento del Tesoro, y en los Estados Unidos Mexicanos, la Dirección General de Aduanas de la Secretaría de Hacienda y Credito Público.

3) "Violación o infracción" significará cualquier quebrantamiento de las leyes aduaneras, así como cualquier intento de quebrantamiento de dichas leyes.

ARTICULO 2

Alcance de la Asistencia

1) Las Partes acuerdan prestarse asistencia por conducto de sus Servicios de Aduanas con el fin de prevenir, investigar y reprimir cualquier violación o infracción, conforme a las disposiciones del presente Acuerdo.

2) La asistencia, segun se dispone en el presente Acuerdo, se prestará tambien, al ser solicitada, con el fin de aforar los aranceles de aduanas y otros impuestos de los Servicios de Aduanas, así como para aplicar los controles de la competencia de dichos Servicios.

3) La asistencia mutua, según se dispone en los párrafos 1 y 2, se proporcionará para ser utilizada en todos los procedimientos ya sean judiciales, administrativos o investigatorios e incluirá también, en los Estados Unidos de America, los procedimientos sobre "Liquidación de daños"

4) Toda acción que tome cualesquiera de las Partes conforme al presente Acuerdo, se sujetará a su legislación.

ARTICULO 3

Obligación de Respetar la Confidencialidad

1) Las indagaciones, información, documentos y otras comunicaciones recibidas por cualesquiera de las Partes serán tratadas, a petición de la Parte que los suministra, con carácter confidencial, debiendo manifestarse los motivos de tal petición.

2) La información, los documentos y las demás comunicaciones que se reciban como consecuencia de la asistencia mutua, pueden utilizarse únicamente para los fines que se especifican en el presente Acuerdo, inclusive su uso para procedimientos judiciales o administrativos. Tal información, documentos y otras comunicaciones podrán utilizarse para otros fines únicamente cuando la Parte que los suministra expresamente así lo autorice.

ARTICULO 4

Excepciones en la Prestación de Asistencia

1) En los casos en los que la Parte requerida opine que el cum-

plir con una solicitud afectaría a su soberanía, seguridad, política declarada u otro interés nacional de importancia, la asistencia podrá negarse o quedar sujeta a ciertas condiciones o requisitos.

2) En los casos en que la Parte solicitante formule una petición que ella misma no podría satisfacer si hubiera sido una solicitud de la otra Parte, así deberá indicarlo en su petición. El satisfacer o no tal petición se dejará a la discreción de la Parte requerida.

ARTICULO 5

Formato y Contenido de las Solicitudes de Asistencia

1) Las solicitudes en virtud del presente Acuerdo se harán por escrito. Se adjuntaran a la petición los documentos que sean necesarios para satisfacerla. Cuando las exigencias de la situación lo requieran, también se aceptarán solicitudes verbales, a reserva de que posteriormente se formalicen por escrito.

2) Las solicitudes presentadas en virtud del párrafo 1 deberán incluir la información siguiente:

- (a) la autoridad que hace la solicitud;
- (b) la índole de los procedimientos;
- (c) el propósito y el motivo de la solicitud;
- (d) los nombres y direcciones de las partes interesadas en los procedimientos, si se conocieran;
- (e) una breve descripción del asunto de que se trate y de los aspectos jurídicos del caso.

ARTICULO 6

Conducto de la Asistencia

- 1) La asistencia se prestara mediante comunicacion directa entre funcionarios autorizados por el Jefe del respectivo Servicio.
- 2) En los casos en que el Servicio de Aduanas de la Parte requerida no sea el organismo apropiado para satisfacer la solicitud, dicho Servicio transmitirá la peticion al organismo pertinente.

ARTICULO 7

Trámite de las Solicitudes

- 1) En el trámite de las solicitudes se aplicara la ley de la Parte requerida; el Servicio de Aduanas que reciba la peticion gestionara que se tome cualquier medida oficial o judicial que fuere necesaria para cumplir con la solicitud.
- 2) A solicitud del Servicio de Aduanas de una de las Partes el Servicio de Aduanas de la otra deberá realizar cualquier investigación que fuere necesaria, inclusive el interrogatorio de personas que se presuman hubieren cometido una violacion o infraccion, así como el examen de peritos y de testigos.
- 3) El Servicio de Aduanas de cualquiera de las Partes, a solicitud del Servicio de Aduanas de la otra Parte, llevara a cabo verificaciones, inspecciones e investigaciones en relacion con los asuntos a los que se hace referencia en el presente Acuerdo.

4) La solicitud de una de las Partes para que se lleve a cabo cierto procedimiento se cumplirá con estricto apego a las leyes aplicables conforme al párrafo 1.

5) La solicitud de una de las Partes para que su representante esté presente cuando se lleve a cabo la acción que deba realizarse, se atenderá hasta donde sea posible.

6) La Parte solicitante, si así lo pidiera, deberá ser informada de la fecha, hora y lugar en que se realizará la acción que ha de satisfacer la solicitud.

7) En caso de que la solicitud no pueda ser atendida, se notificará de inmediato a la Parte solicitante, con expresión de los motivos y circunstancias que podrían ser importantes para seguir tramitando el asunto.

ARTICULO 8

Expedientes; Documentos y otros Materiales; Peritos y Testigos

1) Los originales de expedientes, documentos y otros materiales se solicitarán únicamente en los casos en que no fuera suficiente una copia.

2) Los originales de expedientes, documentos y otros materiales que hubieran sido transmitidos, se devolverán lo antes posible; los derechos de la Parte solicitada o de terceras partes en relación con los mismos no se verán afectados.

3) El servicio de Aduanas de una Parte, a solicitud del Servicio de Aduanas de la otra Parte, autorizará a sus empleados a comparecer como peritos o testigos en procedimientos judiciales o administrativos en el territorio de la otra Parte y a suministrar los expedientes, documentos u otros materiales o copias certificadas de los mismos, que se consideren esenciales para los procedimientos.

ARTICULO 9

Costos

Las Partes renunciarán a cualquier reclamación de reembolso por los gastos erogados en virtud del cumplimiento del presente Acuerdo, excepto los de peritos y testigos.

ARTICULO 10

Casos Especiales de Asistencia

1) Cuando así se solicite, los Servicios de Aduanas se informarán mutuamente sobre si bienes exportados del territorio de una de las Partes han sido legalmente importados al territorio de la otra Parte. Cuando así se solicite, la información incluirá el procedimiento aduanero para despachar los bienes.

2) El Servicio de Aduanas de una de las Partes, a solicitud del Servicio de Aduanas de la otra Parte, deberá ejercer, en la medida de sus posibilidades, vigilancia especial sobre:

(a) los medios de transporte que se presume están siendo utilizados para cometer violaciones o infracciones en el terri-

torio de la Parte solicitante;

(b) los bienes señalados por la Parte solicitante como objeto de un importante comercio clandestino cuyo punto de destino es el territorio de dicha Parte;

(c) las personas que la Parte solicitante sepa o presuma que se dedican a la comisión de una violación o infracción.

3) Cuando así se solicite, los Servicios de Aduanas de las Partes se suministrarán toda la información disponible acerca de actividades que pudieran dar como resultado la comisión de una violación o infracción en el territorio de la otra Parte. En los casos graves que pudieran significar daño importante para la economía, salud pública, seguridad pública o cualquier otro interés vital de la otra Parte, tal información se suministrará sin que haya sido solicitada.

4) Los Servicios de Aduanas de las Partes, con el objeto de coadyuvar, dentro de su respectiva área de competencia, en la represión de las violaciones relacionadas con narcóticos, se comunicarán en la medida de sus posibilidades, sin necesidad de solicitud, toda información respecto a tales posibles violaciones a la legislación aduanera de la otra Parte.

5) Los Servicios de Aduanas de las Partes tomarán las medidas que fueran apropiadas y que estuvieran al alcance de su competencia, con el fin de garantizar que los bienes sean exportados e importados a través de las oficinas de Aduanas competentes de su frontera común, y

bajo los controles apropiados.

6) Para los fines del párrafo anterior, los Servicios de Aduanas de las Partes, se comunicaran una lista de las oficinas aduaneras ubicadas en su frontera comun, señalando en detalle sus atribuciones y sus horas de trabajo, así como cualquier cambio en estos datos.

7) Los Servicios de Aduanas de las Partes se esforzaran por coordinar las atribuciones y horarios de trabajo de sus correspondientes oficinas aduaneras en la medida que lo permitan sus respectivas limitaciones administrativas y de conformidad con las exigencias que les impone el flujo de su comercio internacional.

8) Los Servicios de Aduanas se suministrarán toda información que pudiera ser útil para la aplicación de la ley en los casos de violaciones o infracciones; en especial la información relacionada con nuevos métodos que se estén empleando para cometerlas. Ademas, se proporcionaran copias de informes o selección de ellos, sobre los medios especiales para combatir las violaciones o infracciones.

9) Cuando así se solicite, los Servicios de Aduanas de las Partes proporcionaran toda información disponible, en forma continua, respecto al movimiento de bienes, embarcaciones, vehiculos y aviones entre los Estados Unidos de America y los Estados Unidos Mexicanos.

ARTICULO 11

Aplicacion del Acuerdo

El Servicio de Aduanas de los Estados Unidos, Departamento del

Tesoro, de los Estados Unidos de America y la Direccion General de Aduanas de la Secretaría de Hacienda y Credito Público, de los Estados Unidos Mexicanos, podrán comunicarse directamente con el fin de atender los asuntos que emanen del presente Acuerdo, siempre que no se trate de cuestiones de política exterior o de derecho internacional y, despues de consultarse, pondrán en práctica las normas administrativas necesarias para la aplicación del presente Acuerdo. Tratarán, de mutuo acuerdo, de resolver los problemas o dudas que surjan en cuanto a la interpretación o aplicación del Acuerdo.

ARTICULO 12

Ambito Territorial

El presente Acuerdo será aplicable al territorio de aduanas de los Estados Unidos de America y al territorio de aduanas de los Estados Unidos Mexicanos. Será aplicable también a las Islas Vírgenes de los Estados Unidos de America.

ARTICULO 13

Entrada en Vigor y Terminación del Acuerdo

- 1) El presente Acuerdo entrara en vigor en la fecha en que las Partes se comuniquen, mediante un Canje de Notas diplomáticas, la aceptación de sus términos.
- 2) Las Partes convienen en reunirse, a partir del término de cinco años contados desde la fecha de su entrada en vigor, para revisar el presente Acuerdo, a menos que se comuniquen por escrito que

no es necesaria su revisión.

3) El presente Acuerdo puede terminarse por denuncia de cualquiera de las Partes y dejará de surtir efectos seis meses después de haberse hecho la notificación de su denuncia.

Hecho en la Ciudad de México, Distrito Federal, a los treinta días del mes de septiembre del año mil novecientos setenta y seis, en dos ejemplares en los idiomas inglés y español, siendo ambos textos igualmente válidos.

Por el Gobierno de los Estados Unidos de América,



Joseph John Jova,
Embajador Extraordinario y
Plenipotenciario.

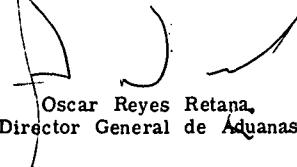


Vernon D. Acree,
Comisionado de Aduanas.

Por el Gobierno de los Estados Unidos Mexicanos,



Rubén González Sosa,
Subsecretario de Relaciones Exteriores.



Oscar Reyes Retana,
Director General de Aduanas.

HAITI

Trade in Cotton, Wool and Man-Made Fiber Textiles and Textile Products

*Agreement amending the agreement of March 22 and 23,
1976, as amended.*

Effectuated by exchange of notes

*Dated at Washington February 10 and 11, 1977;
Entered into force February 11, 1977.*

The Department of State to the Haitian Embassy

FEBRUARY 10, 1977

The Department of State acknowledges receipt of the Aide Memoire of January 17, 1977,^[1] from the Embassy of Haiti, concerning the consultation level for Category 215 of the bilateral agreement of March 22 and 23, 1976^[2] on trade in cotton, wool and man-made fiber textiles between the United States and the Republic of Haiti (hereinafter referred to as the Agreement).

The Department of State notes that under the terms of paragraph 7 of the Agreement, the Governments of the United States and Haiti may agree to permit exports in a category subject to a consultation level to exceed that level during the agreement year.

In response to the request from the Embassy of Haiti for permission to exceed the consultation level in Category 215, the Government of the United States proposes that the consultation level for Category 215 for the second agreement year be 4,000,000 square yards equivalent. Category 215 exports from Haiti to the United States which will be charged to this level are:

1. Those shipped from Haiti from January 1, 1976 through December 31, 1976 which are in excess of 1.7 million square yards equivalent.
2. Those shipped from Haiti from January 1, 1977 through December 31, 1977.

If the foregoing proposal is acceptable to the Government of the Republic of Haiti, this note and the Embassy's note of confirmation

¹ Not printed.

² TIAS 8268, 8395; 27 UST 1595.

shall constitute an agreement between the Governments of the Republic of Haiti and of the United States of America pursuant to paragraph 7 of the Agreement.

DEPARTMENT OF STATE
Washington

The Haitian Embassy to the Department of State

AMBASSADE D' HAITI
WASHINGTON

AW/46-65

THE EMBASSY OF HAITI presents its compliments to the Department of State of the United States and has the honor to acknowledge receipt of the note of February 10, 1977 proposing that the consultation level in category 215 of the Textiles Agreement of March 22, and 23, 1977 between the United States and the Republic of Haiti be 4.000,000 square yards equivalent for the second agreement year.

The Government of Haiti has given its agreement to the proposal and this note and the State Department's note shall constitute an agreement between the Government of the United States of America and the Republic of Haiti pursuant to paragraph 7 of the Agreement.

THE EMBASSY OF HAITI avails itself of the opportunity to renew to the Department of State the assurances of its highest consideration.

Washington, D.C., February 11, 1977

THE HONORABLE DEPARTMENT OF STATE
OF THE UNITED STATES OF AMERICA
WASHINGTON, D C.

Ambassadeur Salomon



JAPAN

Trade in Cotton, Wool and Man-Made Fiber Textiles

*Agreement modifying the arrangement of September 27,
1974, as modified.*

Effectuated by exchanges of notes

Signed at Washington February 15, 1977;

Entered into force February 15, 1977.

*The Japanese Ambassador to the Acting Secretary of State*EMBASSY OF JAPAN
WASHINGTON

February 15, 1977

Sir:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as "the Arrangement"), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975, [¹] concerning cotton and man-made fiber textiles and, in view of the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles and with a view to liberalizing that trade in conformity with the Arrangement Regarding International Trade in Textiles, done in Geneva on December 20, 1973, [²] I have the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. For the period beginning October 1, 1976, and extending through December 31, 1977, cotton categories 1 through 64, wool

The Honorable
Arthur A. Hartman
Acting Secretary of State

¹ TIAS 7934, 8181; 25 UST 2499; 26 UST 2648.

² TIAS 7840; 25 UST 1001.

categories 101 through 128, 131 and 132 and man-made fiber categories 203 through 243 as specified in Annex B of the Arrangement, shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 2 hereof. Accordingly, the aggregate and group limits as set forth in Annex A (1) of the Arrangement and the specific limits as set forth in Annex A (2) of the Arrangement shall not apply.

2. (1) If the Government of the United States of America considers that imports from Japan of one or more of the categories referred to in paragraph 1 hereof are increasing so as to cause a real risk of market disruption in the United States, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.

(2) When the Government of the United States of America requests such consultations, the Government of Japan shall meet promptly with the Government of the United States of America to work out a mutually satisfactory solution to such problems as may exist with the category or categories affected. The consultations shall be concluded within thirty days from the date of the request for such consultations by the Government of the United States of America unless the two Governments agree otherwise.

(3) In the event that such consultations do not result in a mutually satisfactory solution, the Government of the United States of America may request the Government of Japan to limit the exports of the category or categories affected. In that

case, the Government of Japan shall limit the exports of such category or categories, for the fifteen-month period ending December 31, 1977, at levels in no case lower than 130 percent for cotton and man-made fiber categories or 109 percent for wool categories of the greater of:

- (i) 125 percent of the levels of imports into the United States from Japan of such category or categories during the most recent twelve-month period preceding the month in which the request for consultations was made for which relevant data are available to the two Governments, or
- (ii) 125 percent of the levels of the average annual imports into the United States in such category or categories from Japan during the period beginning January 1, 1972, and extending through December 31, 1975.

(4) Consultations under this paragraph 2 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1,000,000 square yards equivalent for each man-made fiber or cotton category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards for each wool category.

(5) The Government of the United States of America will provide a detailed factual statement of the reasons and justification for its request for consultations, including data similar to that contemplated in paragraphs I and II of Annex A

of the Arrangement Regarding International Trade in Textiles as well as relevant data on imports from third countries. The Government of the United States of America will make similar requests for consultations to the governments of other countries whose exports to the United States of the categories referred to in paragraph 1 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.

(6) This paragraph 2 will be implemented in such a manner as to achieve the principles and objectives set out in the Arrangement Regarding International Trade in Textiles, and will only be resorted to sparingly.

(7) The two Governments recognize that exports of the categories referred to in paragraph 1 hereof from Japan to the United States are unlikely to contribute to conditions of market disruption in the United States during the period referred to in paragraph 1 hereof. Accordingly, the Government of the United States of America does not presently foresee a situation in which it would be necessary to request consultations under this paragraph 2.

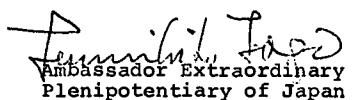
(8) In case such consultations take place, the two Governments agree that full and sympathetic consideration will be given to such treatment as specific level, growth rate and flexibility including interfiber flexibility accorded to the category or categories in question under terms of the Arrangement and to the evidence presented by the Government of the United States of America as to the real risk of market disruption. If the Government

of Japan indicates that the level of restraint requested by the Government of the United States of America would result in undue hardship or inequity, the two Governments will examine such problems on the basis of relevant materials with a view to clarifying the situation and to developing a solution to such problems in a spirit of mutual confidence and cooperation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles and the movement toward liberalization of the Arrangement.

3. Upon request of either Government, the two Governments agree to review the foregoing arrangements prior to December 31, 1977, taking into account the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles, and in line with the Arrangement Regarding International Trade in Textiles.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

 [1]
Ambassador Extraordinary and
Plenipotentiary of Japan

¹Fumihiko Togo

The Acting Secretary of State to the Japanese Ambassador

FEBRUARY 15, 1977

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

"SIR:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as 'the Arrangement'), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975, concerning cotton and man-made fiber textiles and, in view of the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles and with a view to liberalizing that trade in conformity with the Arrangement Regarding International Trade in Textiles, done in Geneva on December 20, 1973, I have the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. For the period beginning October 1, 1976, and extending through December 31, 1977, cotton categories 1 through 64, wool categories 101 through 128, 131 and 132 and man-made fiber categories 203 through 243 as specified in Annex B of the Arrangement, shall not be subject to numerical limits other than those which may arise under the provisions of paragraph 2 hereof. Accordingly, the aggregate and group limits as set forth in Annex A (1) of the Arrangement and the specific limits as set forth in Annex A (2) of the Arrangement shall not apply.

2. (1) If the Government of the United States of America considers that imports from Japan of one or more of the categories referred to in paragraph 1 hereof are increasing so as to cause a real risk of market disruption in the United States, the Government of the United States of America may request consultations with the Government of Japan regarding the category or categories affected.

(2) When the Government of the United States of America requests such consultations, the Government of Japan shall meet promptly with the Government of the United States of America to work out a mutually satisfactory solution to such problems as may exist with the category or categories affected. The consultations shall be concluded within thirty days from the date of the request

for such consultations by the Government of the United States of America unless the two Governments agree otherwise.

(3) In the event that such consultations do not result in a mutually satisfactory solution, the Government of the United States of America may request the Government of Japan to limit the exports of the category or categories affected. In that case, the Government of Japan shall limit the exports of such category or categories, for the fifteen-month period ending December 31, 1977, at levels in no case lower than 130 percent for cotton and man-made fiber categories or 109 percent for wool categories of the greater of:

- (i) 125 percent of the levels of imports into the United States from Japan of such category or categories during the most recent twelve-month period preceding the month in which the request for consultations was made for which relevant data are available to the two Governments, or
- (ii) 125 percent of the levels of the average annual imports into the United States in such category or categories from Japan during the period beginning January 1, 1972, and extending through December 31, 1975.

(4) Consultations under this paragraph 2 will not be requested for any category when imports from Japan in such category are at annual levels not more than 1,000,000 square yards equivalent for each man-made fiber or cotton category other than apparel, 700,000 square yards equivalent for each man-made fiber or cotton apparel category, and 100,000 square yards for each wool category.

(5) The Government of the United States of America will provide a detailed factual statement of the reasons and justification for its request for consultations, including data similar to that contemplated in paragraphs I and II of Annex A of the Arrangement Regarding International Trade in Textiles as well as relevant data on imports from third countries. The Government of the United States of America will make similar requests for consultations to the governments of other countries whose exports to the United States of the categories referred to in paragraph 1 hereof are subject to restraints in cases where imports from such countries in the same category are increasing.

(6) This paragraph 2 will be implemented in such a manner as to achieve the principles and objectives set out in the Arrangement Regarding International Trade in Textiles, and will only be resorted to sparingly.

(7) The two Governments recognize that exports of the categories referred to in paragraph 1 hereof from Japan to the United States are unlikely to contribute to conditions of market disruption in the United States during the period referred to in paragraph 1 hereof. Accordingly, the Government of the United States of

America does not presently foresee a situation in which it would be necessary to request consultations under this paragraph 2.

(8) In case such consultations take place, the two Governments agree that full and sympathetic consideration will be given to such treatment as specific level, growth rate and flexibility including inter-fiber flexibility accorded to the category or categories in question under terms of the Arrangement and to the evidence presented by the Government of the United States of America as to the real risk of market disruption. If the Government of Japan indicates that the level of restraint requested by the Government of the United States of America would result in undue hardship or inequity, the two Governments will examine such problems on the basis of relevant materials with a view to clarifying the situation and to developing a solution to such problems in a spirit of mutual confidence and cooperation and in a manner consistent with the objectives of the Arrangement Regarding International Trade in Textiles and the movement toward liberalization of the Arrangement.

3. Upon request of either Government, the two Governments agree to review the foregoing arrangements prior to December 31, 1977, taking into account the changing pattern of trade that is developing between the two countries in cotton, wool and man-made fiber textiles, and in line with the Arrangement Regarding International Trade in Textiles.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration."

I have further the honor to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

JULIUS L. KATZ

His Excellency

FUMIHIKO TOGO,

Ambassador of Japan.

*The Japanese Ambassador to the Acting Secretary of State*EMBASSY OF JAPAN
WASHINGTON

February 15, 1977

Sir:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as "the Arrangement"), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975 concerning man-made fiber yarn (hereinafter referred to as "the Exchange of Notes"). I have further the honor to propose, on behalf of the Government of Japan, the following arrangements:

1. The two Governments anticipate at this time that the changing competitive position of the Japanese man-made fiber yarn industry referred to in paragraph 4 of the Record of Understanding concerning the Arrangement and the patterns of trade which have developed thereby are likely to continue during the course of the Arrangement.

The Honorable
Arthur A. Hartman
Acting Secretary of State

TIAS 8644

2. Based on such anticipation, the two Governments agree that category 200 as specified in the Arrangement shall not be subject to the Arrangement and the letters related thereto.

3. Paragraphs 3 and 4 of the Exchange of Notes will apply to exports of category 200 from Japan to the United States as if category 200 were designated in said paragraphs 3 and 4.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

Fumio Ito
Ambassador Extraordinary and
Plenipotentiary of Japan

The Acting Secretary of State to the Japanese Ambassador

FEBRUARY 15, 1977

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows:

"SIR:

I have the honor to refer to the recent discussions held between the representatives of the Government of Japan and the Government of the United States of America regarding the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Cotton, Wool and Man-made Fiber Textiles between Japan and the United States effected by the Exchange of Notes of September 27, 1974 (hereinafter referred to as 'the Arrangement'), with related letters signed at Washington on September 27 and October 1, 1974 and also regarding the Exchange of Notes dated December 19, 1975 concerning man-made fiber yarn (hereinafter referred to as 'the Exchange of Notes'). I have further the honor to propose, on behalf of the Government of Japan, the following arrangements:

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2. Based on such anticipation, the two Governments agree that category 200 as specified in the Arrangement shall not be subject to the Arrangement and the letters related thereto.
3. Paragraphs 3 and 4 of the Exchange of Notes will apply to exports of category 200 from Japan to the United States as if category 200 were designated in said paragraphs 3 and 4.

I have further the honor to propose that the present Note and your Note in reply confirming on behalf of the Government of the United States of America the above arrangements shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration."

I have further the honor to confirm on behalf of my Government the foregoing arrangements and to agree that Your Excellency's Note and this Note shall be regarded as constituting an agreement between the two Governments which will enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

JULIUS L. KATZ

His Excellency

FUMIHIKO TOGO,

Ambassador of Japan.

CZECHOSLOVAK SOCIALIST REPUBLIC

Trade in Textiles: Consultations on Market Disruption

*Agreement effected by exchange of notes
Dated at Prague March 22 and 28, 1977;
Entered into force March 28, 1977.*

The Czech Federal Ministry of Foreign Affairs to the American Embassy

FEDERÁLNÍ
MINISTERSTVO ZAHRANIČNÍCH

Čj.: 86.055/77-6

Federální ministerstvo zahraničních věcí projevuje úctu velvyslanectví Spojených států amerických a s odvoláním na jednání, jež se v této věci uskutečnila mezi oběma stranami má čest sdělit, že vláda Československé socialistické republiky souhlasí s tím, aby vzájemný obchod s textilem mezi Československou socialistickou republikou a Spojenými státy americkými se uskutečňoval na základě následujícího Ujednání:

1/ Platnost Dohody o obchodu s bavlněnými textiliemi mezi Československou socialistickou republikou a Spojenými státy americkými, podepsané dne 29. srpna 1969 v doplněném znění, bude ukončena vstupem v platnost tohoto Ujednání.

2/ Ceskoslovenská socialistická republika a Spojené státy americké budou pokračovat ve vzájemném obchodu s bavlněným a vlněným textilem, textilem z umělých vláken a oděvy.

V případě, že by se vyvoz těchto výrobků z Československé socialistické republiky do Spojených států amerických rozšířil do té míry, že by způsoboval nebo hrozil způsobit narušení trhu Spojených států amerických tak, jak je to definováno v Dohodě o mezinárodním obchodu s textilem, podepsané dne 20. prosince 1973 v Ženevě, vláda Spojených států amerických může požádat o konzultace s vládou Československé socialistické republiky. Vláda Československé socialistické republiky odpoví na tuto žádost do 30 dní a v průběhu dalších 60 dní se zúčastní konzultací (pokud nebude dohodnuto jinak) za účelem dosažení brzkého řešení za oboustranně výhodných podmínek ne méně příznivých, než stanoví Dohoda o mezinárodním obchodu s textilem ze dne 20. prosince 1973.

Federální ministerstvo zahraničních věcí navrhuje, bude-li vláda Spojených států amerických souhlasit s ustanoveními této-nóty, aby tato nóta a odpověď velvyslanectví k tomuto účelu tvořily dohodu těchto dvou vlád, která vstoupí v platnost dnem odpovědi nótou velvyslanectví.

Federální ministerstvo zahraničních věcí používá této příležitosti, aby znova ujistilo velvyslanectví Spojených států amerických svou nejhlbší úctou.

PRAHA, 22 března 1977



VELVYSLANECTVÍ
SPOJENÝCH STÁTŮ AMERICKÝCH
Praha

Translation

FEDERAL MINISTRY OF FOREIGN AFFAIRS

No.: 86.055/77-6

The Federal Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and, with reference to negotiations held between both sides in this matter, has the honour to advise that the Government of the Czechoslovak Socialist Republic agrees that the mutual trade in textiles between the Czechoslovak Socialist Republic and the United States of America be carried out on the basis of the following Understanding:

1/ The validity of the Agreement on Trade in Cotton Textiles between the Czechoslovak Socialist Republic and the United States of America, signed on 29 August 1969, as amended,[¹] shall be terminated upon entry into force of this Understanding.

2/ The Czechoslovak Socialist Republic and the United States of America will continue in their mutual trade in cotton, wool and man-made fibre textiles and apparel products.

Should the export of these products from the Czechoslovak Socialist Republic to the United States of America develop in such a manner so as to cause or threaten to cause in the United States of America problems of market disruption as defined in the Arrangement Regarding International Trade in Textiles signed on 20 December 1973

¹ TIAS 6754, 7626; 20 UST 2830; 24 UST 1071.

in Geneva,^[1] the Government of the United States of America may request consultations with the Government of the Czechoslovak Socialist Republic. The Government of the Czechoslovak Socialist Republic shall respond to such a request within 30 days and within the next 60 days it shall take part in consultations (unless otherwise agreed) in order to arrive at an early solution on mutually advantageous terms on the basis not less favourable than that provided by the Arrangement Regarding International Trade in Textiles of 20 December 1973.

The Federal Ministry of Foreign Affairs proposes that if the Government of the United States of America agrees to the provisions of this Note, this Note and the Embassy's reply to that effect constitute an agreement of the two Governments, which will enter into force on the date of the Embassy's Note in reply.

The Federal Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurance of its highest consideration.

PRAGUE, March 22, 1977

[SEAL] [Initialed]

EMBASSY OF THE
UNITED STATES OF AMERICA
Prague

The American Embassy to the Czech Federal Ministry of Foreign Affairs

No. 53

The Embassy of the United States of America presents its compliments to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic and has the honor to acknowledge receipt of the Ministry's diplomatic note No. 86.055/77-6, dated March 22, 1977, concerning the mutual trade in textiles between the Czechoslovak Socialist Republic and the United States of America.

The Government of the United States of America agrees to the provisions of the note and further agrees that this note in reply constitutes an agreement of our two governments which enters into effect on the date of this note.

The Embassy of the United States of America avails itself of this opportunity to renew to the Federal Ministry of Foreign Affairs of the Czechoslovak Socialist Republic the assurances of its highest consideration.

EMBASSY OF THE UNITED STATES OF AMERICA,
PRAGUE, March 28, 1977

¹ TIAS 7840; 25 UST 1001.

AFGHANISTAN

Technical Cooperation

*Agreement amending and extending the agreement of
June 30, 1953, as extended.*

Effectuated by exchange of notes

*Signed at Kabul July 7 and August 12, 1975;
Entered into force August 12, 1975;
Effective June 30, 1975.*

*The Afghan Deputy Minister of Foreign Affairs to the American
Ambassador*



دیارچ پارو وزارت

جلالتمام ،

احتراماً وصول نامهٔ شماره (۱۷) تاریخ ۲۴ می ۱۳۷۵ این
رسیله اطمینان داده، با اشاره به ماده ۱ موافقنامهٔ ۲۷ شهریور ۱۳۷۶ و
۱۹ شهریور ۱۹۷۴ در مرور موافقنامهٔ بیانیهٔ سلطنتی که به تاریخ ۱۰ جون ۱۹۵۷
در کابل امضا و بعداً تجدیل گردیده است، پیشنهاد مودعیم، مسألهٔ از هم
موافقنامهٔ مذکور ضرورتی تحدیث کردند، هنچه کوئند بروت تجدیل گردیده این شود:

"ماده نهم این شاهد بود که"

این موافقنامه که بنام "موافقنامهٔ بیانیهٔ سلطنتی" مختار، تخفیفی، پایهٔ نهاده
میتواند، تاریخ ۲۰ جیون ۱۳۵۷ تا ۱۳۷۰ تراویی ۱۳۷۰ میلادی اجراء
خواهد بود.

هر یک از طرفین متعهد به میتواند موافقنامه هن، اراضی خود را شروع
بر اینکه در زمینه ارادهٔ خود را مدت ماه قبل بحضور دو شخص از
ادلسلاع دعید.

در حضور شیخ پیشنهاد، فریاد که طرف ثالث بود مکرمت جلالتمام آنها قرار گیرد،
مذکوره ای پیشنهاد مینمایم، این نامهٔ موافقنامهٔ بیانیهٔ جلالتمام متنفس قدر مرضی
حکومت شما موافقت بین حکومت مارا تقدیل، و اده که از تاریخ نایابهٔ جوابیه عجلات ایشان
تساقط و از تاریخ ۲۰ جیون ۱۳۷۵ درین الایه را باشند.

با افتخار از فرست احترام ای مقیمه ام را تجدید می‌نمایم.

کابل، ۱۶ سرطان ۱۳۵۴.

محمید جباری
میمن میاسی

Translation

MINISTRY OF FOREIGN AFFAIRS

EXCELLENCY;

I have the honour to acknowledge the receipt of your Note No. 97 dated May 24, 1975 [¹] and with reference to the exchange of notes dated November 27, 1973 and January 14, 1974 concerning the Technical Cooperation Program Agreement signed at Kabul on June 30, 1953, as amended and extended.[²] I propose that Article IX of the Agreement, as amended, be deleted and that the following provision be included in lieu thereof:

"Article IX. Entry into force and Duration

This Agreement may be referred to as "Technical Cooperation Program Agreement." It shall enter into force on June 30, 1953 and shall remain in force until June 30, 1982.

Either contracting party can terminate this Agreement provided it gives a three month prior written notice to the other party of its intention to this effect."

If the foregoing proposal is acceptable to Your Excellency's Government, I further propose that this Note and Your Excellency's Note in reply concurring therein shall constitute an Agreement between our two Governments which shall enter into force on the date of Your Excellency's reply and shall be deemed to have effect from June 30, 1975.

Accept, Excellency, the assurances of my highest consideration.

KABUL, July 7, 1975

WAHEED ABDULLAH

Waheed Abdullah
Deputy Foreign Minister

His Excellency THEODORE L. ELIOT JR.,
Ambassador of the United States
of America,
Kabul.

¹ Not printed.

² TIAS 2856, 7789; 4 UST 2012; 25 UST 217.

*The American Chargé d'Affaires ad interim to the Afghan Deputy Minister
of Foreign Affairs*

No. 146

AUGUST 12, 1975

EXCELLENCY:

I have the honor to acknowledge receipt of your note of July 7, 1975, to Ambassador Theodore L. Eliot, Jr., and to refer to the exchange of notes dated November 27, 1973, January 14, 1974, and May 24, 1975, concerning the Technical Cooperation Program Agreement, signed at Kabul on June 30, 1953, as amended and extended.

My Government accepts Your Excellency's proposal to delete Article IX of the Agreement, as amended, and to substitute the following provisions in lieu thereof.

"Article IX. Entry into Force and Duration"

This Agreement may be referred to as the "Technical Cooperation Program Agreement." It shall enter into force on June 30, 1953 and shall remain in force until June 30, 1982. Either contracting party can terminate this Agreement provided it gives a three-month prior written notice to the other party of its intention to this effect."

My Government also accepts Your Excellency's further proposal that Your Excellency's note of July 7, 1975, and this note in reply shall constitute an Agreement between our two Governments which enters into effect on the date of this note and which shall be deemed to have effect from June 30, 1975.

Accept, Excellency, the renewed assurances of my highest consideration.

R. T. CURRAN

R. T. Curran

Charge d'Affaires ad interim

Mr. WAHEED ABDULLAH

*Deputy Minister of Foreign Affairs,
Ministry of Foreign Affairs,
Kabul*

PANAMA
Educational Programs

*Agreement signed at Panamá November 19, 1975;
Entered into force November 19, 1975.*

A.I.D. Loan No. 525-V-043

LOAN AGREEMENT

Between

THE REPUBLIC OF PANAMA

and the

UNITED STATES OF AMERICA

for

EDUCATION SECTOR LOAN II

Dated: November 19, 1975

LOAN AGREEMENT dated November 19, 1975
between the REPUBLIC OF PANAMA ("Borrower") and the UNITED STATES
OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT
("Lender").

ARTICLE I

The Loan

SECTION 1.01. The Loan. Lender agrees to lend to the Borrower pursuant to the Foreign Assistance Act of 1961, as amended,^[1] an amount not to exceed Eleven Million United States Dollars (\$11,000,000) ("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 offshore costs of goods and services required for the Project ("Offshore Costs") and local costs of goods and services required for the Project ("Local Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Project shall consist of the modernization, restructuring and reorientation of educational programs at all levels within the formal and non-formal educational system.

The Project is more fully described in Annex I, attached hereto, which Annex may be modified in writing. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 8.03 ("Implementation Letters").

¹75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE IILoan Terms

SECTION 2.01. Interest. The Borrower shall pay to Lender interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.04), 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 Lender.

SECTION 2.02. Repayment. The Borrower shall repay to Lender 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. Lender 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 Repayment.

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 Lender may otherwise specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

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

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with Lender, at such time or times as Lender 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 Panama.

ARTICLE IIIConditions Precedent to DisbursementSECTION 3.01. Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- (a) An opinion of the Procurador General of Panama that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 8.02, and a specimen signature of each person specified in such statement;
- (c) Evidence that the Borrower has appointed a Project Administrator, who is an employee of the Borrower, with authority and responsibility for coordinating all aspects of the Project; and
- (d) A time-phased plan for the implementation of the Project.

SECTION 3.02. Conditions Precedent to School Construction.

Prior to any disbursement or to the issuance of any Letter of Commit-

ment under the Loan for construction, the Borrower shall, except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- (a) Evidence that the Borrower has obtained for itself or for project purposes, real property rights, including easements and rights of way, required for the construction and operation of the particular school to be constructed;
- (b) A plan to maintain schools and equipment therein ("Maintenance Plan"); and
- (c) Evidence that it has contracted with a qualified consultant to assist the Ministry of Education's newly created Inspection and Maintenance Department.

SECTION 3.03. Conditions Precedent to the Construction of the Education Development Center. Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan for construction of the Education Development Center, Borrower shall except as Lender may otherwise agree in writing, furnish to Lender in form and substance satisfactory to Lender:

- (a) Evidence that graduates of the Educator Training Program to be established in the Education Development Center will be certified to teach in the General Basic School System; and
- (b) Evidence that the Borrower has obtained for itself or for project purposes, real property rights, in-

cluding easements and rights of way, required for the construction and operation of the Education Development Center.

SECTION 3.04. Terminal Dates for Meeting Conditions Precedent to Disbursement.

- (a) If all of the conditions specified in Section 3.01 shall not have been met within 120 days from the date of this Agreement, or such later date as Lender may agree to in writing, Lender, at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.
- (b) If all of the conditions specified in Sections 3.02 and 3.03 shall not have been met on such later dates as Lender may specify in writing, Lender, at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.05. Notification of Meeting of Conditions Precedent

to Disbursement. Lender shall notify the Borrower upon determination by Lender that the conditions precedent to disbursement specified in Section 3.01, and, as the case may be, 3.02 and 3.03 have been met.

ARTICLE IVGeneral Covenants and WarrantiesSECTION 4.01. Execution of the Project.

- (a) The Borrower agrees to carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, and management practices. In this connection, the Borrower agrees at all times to employ suitably qualified and experienced personnel to be professionally responsible for the design and execution of the Project and suitably qualified and competent construction contractors to carry out the Project. The communities, under competent supervision, may participate in the execution of the Project.
- (b) The Borrower agrees to cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by Lender pursuant to this Agreement.

SECTION 4.02. Funds and Other Resources to be Provided by

Borrower. The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out, maintenance, repair, and operation of the Project, including the execution of the approved school maintenance plan.

SECTION 4.03. Continuing Consultation.

- (a) The Borrower and Lender shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and Lender shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.
- (b) In this respect, one year from the date of first disbursement and annually thereafter, during the life of the Project, Borrower shall conduct jointly with Lender an intensive review and evaluation of the progress of the Project.

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

SECTION 4.05. Operation and Maintenance. The Borrower shall cause the installations constructed as part of Project to be operated, maintained, and repaired in conformity with sound engineering, financial, administrative, and managerial practices and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

SECTION 4.06. Taxation.

- (a) 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 de-

duction for and free from, any taxation or fees imposed under the laws in effect with the Republic of Panama, or any political subdivision thereof except Municipalities.

- (b) In the event of any municipal taxation or fees being imposed with respect to this Agreement, the Loan or any evidence of indebtedness issued in connection herewith, Borrower warrants that it will pay said taxation or fees from resources other than the Loan and other than the funds which Borrower is otherwise obligated to contribute to the Project.
- (c) To the extent that (i) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, any property or transactions relating to such contracts and (ii) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Panama, or any political subdivision thereof, Borrower agrees, as and to the extent prescribed in and pursuant to Implementation Letters, to pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.07. Utilization of Goods and Services.

- (a) Goods and services financed under the Loan shall be

used exclusively for the Project, except as Lender may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such manner as Lender may agree to in writing prior to such use or disposition.

- (b) Except as Lender 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 4.08. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to Lender in the course of obtaining the Loan are accurate and complete, and that it has disclosed to Lender, accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of obligations under this Agreement. The Borrower shall promptly inform Lender 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 obligations under this Agreement.

SECTION 4.09. Commissions, Fees and Other Payments.

- (a) The signatories warrant and covenant that in connection

with obtaining the Loan, or taking any action under or with respect to this Agreement, neither has paid, nor will pay or agree to pay, nor to the best of either party's 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 full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The signatories shall promptly report any payment or agreement to pay for such bona fide professional, technical, or comparable services to which either 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 Lender, the same shall be adjusted in a satisfactory manner.

- (b) The signatories warrant and covenant that no payments have been or will be received by either party, or any official of either party, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the Republic of Panama or in the United States of America.

SECTION 4.10. 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, in accordance with sound auditing standards, at such intervals as may be agreed between Borrower and Lender (at a frequency of not less than once per year). Such books and records shall be maintained for five years after the date of the last disbursement by Lender or until all sums due Lender under this Agreement have been paid, whichever date shall first occur.

SECTION 4.11. Reports. The Borrower shall furnish to Lender such information and reports relating to the Loan and to the Project as Lender may reasonably request.

SECTION 4.12. Inspections. The authorized representatives of Lender shall have the right with prior notification to the Borrower at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with Lender to facilitate such inspections and shall permit representatives of Lender to visit any part of the country of the Borrower for any purpose relating to the Loan.

ARTICLE VProcurementSECTION 5.01. Procurement from A.I.D. Geographic Code 941

Countries. Except as Lender may otherwise agree in writing, and except as provided in subsection 5.09(c) with respect to marine insurance, disbursements made pursuant to Section 6.01 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. 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 5.02. Procurement from the Republic of Panama.

Disbursements made pursuant to Section 6.02 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 Panama.

SECTION 5.03. Eligibility Date. Except as Borrower and Lender 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 5.04. 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 5.05. Implementation of Procurement Requirements.

The definitions applicable to the eligibility requirements of Sections 5.01, 5.02 and 5.04 will be set forth in detail in Implementation Letters consistent with Panamanian law.

SECTION 5.06. Plans, Specifications, and Contracts.

- (a) Except as Lender may otherwise agree in writing, the Borrower shall furnish to Lender promptly upon preparation, all plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications therein.
- (b) Except as Lender may otherwise agree in writing, all of the plans, specifications, and construction schedules furnished pursuant to subsection (a) above shall be approved by Lender in writing.
- (c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by Lender in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be in terms of normal standards and measurements of the United States or Panama except as Lender may otherwise agree in writing.

- (d) The following contracts financed under the Loan shall be approved by Borrower and Lender in writing in the following manner:
- (i) contracts for engineering, prior to their execution;
 - (ii) contracts for construction services, prior to their execution;
 - (iii) contracts for professional services and for such other services as Borrower and Lender may specify, with prior consultation with the Lender; and
 - (iv) contracts for such equipment and materials as Borrower and Lender may specify, prior to their execution.

In the case of any of the above contracts for services, Borrower and Lender shall also approve in writing the contractor and such key contractor personnel as Borrower and Lender may have previously specified. Material modifications in any of such contracts and changes in any of such personnel shall also be subject to consultation in writing with the Lender prior to their becoming effective.

- (e) Consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as Lender may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to Borrower and Lender.

SECTION 5.07. 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 5.08. Employment of Third Country Nationals. The employment of personnel to perform services under any construction contract financed under the Loan shall be subject to certain requirements with respect to nationals of countries other than the Republic of Panama and countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time the construction contract is entered into. These requirements are prescribed in Implementation Letters.

SECTION 5.09. Shipping and Insurance.

- (a) Code 941 goods financed under the Loan shall be transported to the country of the Borrower only on flag carriers of a country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. No such goods may be transported on any ocean vessel (or aircraft) (i) when Lender, in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by Lender.

- (b) Unless Borrower and Lender shall determine that privately owned United States flag commercial vessels are not available at fair and reasonable rate for such vessels, (i) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under the Loan which may be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels, and (ii) at least fifty percent (50%) of the gross freight revenue generated by shipments financed under the Loan and transported to the Republic of Panama on dry cargo liners shall be paid to or for the benefit of privately owned United States flag commercial vessels. Compliance with the requirements of (i) and (ii) above must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non U.S. ports, computed separately.
- (c) Marine insurance on Code 941 goods may be financed under the Loan with disbursements made pursuant to Section 6.01, provided (i) such insurance is placed at the lowest available competitive rate in the Republic of Panama 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 the currency in which such goods were financed or in any freely convertible currency. If the Government of the Republic of Panama, by statute, decree, rule, regulation, or practice discriminates with respect to Lender-financed procurement against any marine insurance company authorized to do business in any state of the United States, then all goods shipped to the cooperating country financed under the Loan shall be insured against marine risks and such insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in a state of the United States.

- (d) The Borrower shall insure, or cause to be insured, all Code 941 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 and shall insure the full value of the goods. 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 the Republic of Panama or 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 5.10. 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 Lender such information with regard thereto, and at such times, as Lender may request in Implementation Letters.

SECTION 5.11. United States Government-owned Excess Property. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from Lender and Lender will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. Lender will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such Lender assistance, the Borrower shall indicate to Lender in

writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

SECTION 5.12. Information and Marking. Borrower agrees to give publicity to the Loan and the Project as a joint program utilizing United States and Panamanian resources in furtherance of mutual objectives, identify the Project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VIDisbursements

SECTION 6.01. Disbursement for Offshore Costs - Letters of Commitment to United States Banks. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request Lender to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to Lender, committing Lender 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 Offshore 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 Lender may prescribe in Letters of Commitment and Implementation Letters.

Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 6.02. Disbursement for Local Costs. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by Lender for Local Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement by submitting to Lender such supporting documentation as Lender may prescribe in Implementation Letters. Funds utilized under the Loan to finance local costs shall be made available pursuant to procedures satisfactory to Lender.

SECTION 6.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and Lender may agree to in writing.

SECTION 6.04. Date of Disbursement. Disbursements by Lender shall be deemed to occur, (a) in the case of disbursements pursuant to Section 6.01, on the date on which Lender 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 6.02, on the date on which Lender disburses to the Borrower or its designee.

SECTION 6.05. Terminal Date for Disbursement. Except as Borrower and Lender 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 6.03 or amendment thereto shall be issued in response to requests received by Lender, after September 15, 1978 and no disbursement shall be made against documentation received by Lender or any bank described in Section 6.01 after March 15, 1979. Lender at its option may at any time or times after September 15, 1978 reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VIICancellation and Suspension

SECTION 7.01. Cancellation by Mutual Agreement. The Borrower and Lender may mutually agree in writing to cancel any part of the Loan (i) which, prior to the date of said Agreement, Lender 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 7.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;
- (c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and Lender; or any of its predecessor agencies;

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

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursement. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs that Borrower or Lender determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) Any disbursement by Lender would be in violation of the United States legislation governing Foreign Assistance;
- (d) 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 agree-

ment, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

Then Lender 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 Lender shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at Lender's expense, direct that title of goods financed under the Loan shall be transferred to Lender if the goods are from a source outside the country of the 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 7.04. Cancellation by Lender. Following any suspension of disbursements pursuant to Section 7.03, 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, Lender 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 7.05. 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 7.06. 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, Lender, 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 Lender within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder,

if any, shall be applied to the installments of Principal in the inverse 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, Lender's right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

- (b) In the event that Lender 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, Lender 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 7.07. Expenses of Collection. All reasonable costs incurred by Lender, other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due

Lender by reason of the occurrence of any of the events specified in Section 7.02 may be charged to the Borrower and reimbursed to Lender in such manner as Lender may specify.

SECTION 7.08. Nonwaiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to Lender under this Agreement shall be construed as a waiver of any of such rights, powers, or remedies.

ARTICLE VIIIMiscellaneous

SECTION 8.01. Communications. Any notice, request, document, or other communication given, made, or sent, by the Borrower or Lender 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 address:

TO: BORROWER:

Mail Address: Ministerio de Educación
Apartado Postal 2440
Panamá 3, Rep de Panamá

Cable Address: Ministerio de Educacion
Panamá

TO LENDER:

Mail Address: United States Agency for
International Development
Apartado 1099
Panamá 5, Rep. de Panamá

Cable Address: USAID
American Embassy
Panamá

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to Lender hereunder may be in Spanish except as Lender and Borrower may agree in writing.

SECTION 8.02. 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 Education and Lender will be represented by the individual holding or acting in the office of Director, United States Agency for International Development Mission to Panama. 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 Lender. Until receipt by Lender of written notice of revocation of authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. Implementation Letters. Lender shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement. Nothing in such letters shall alter the terms of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as Lender 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 Lender may reasonably request.

SECTION 8.05. Approvals. Documents or reports submitted by Borrower to Lender in connection with this Agreement, which must be in form satisfactory to Lender, are deemed to be in form and substance satisfactory to Borrower who is submitting them.

SECTION 8.06. 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 Lender under this Loan Agreement shall terminate.

IN WITNESS WHEREOF the Republic of Panama and the United States of America, acting through their 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 in the English and Spanish languages of which the Spanish is to be recognized as a translation from the English.

REPUBLIC OF PANAMA

UNITED STATES OF AMERICA

By: Miguel A. Sanchiz
Miguel A. Sanchiz
Minister of Finance

By: William Jorden
William Jorden
Ambassador

By: Aristides Royo
Aristides Royo
Minister of Education

By: George Rublee
George Rublee
Acting Director
Agency for International
Development
Mission to Panama

ANNEX ITHE PROJECT**1. Purpose:**

The Project to be jointly financed by Borrower and Lender has the following purposes:

- 1.1 To provide meaningful learning experiences which will be useful to Panamanians, primarily in rural areas in grades 1-9.
- 1.2 To augment the capacity of the educator training services - preparation, training and upgrading - of the general system of education.
- 1.3 To train middle-level manpower in applied industrial and technical fields.
- 1.4 To augment the national capacity in scientific research.

The Project is part of the effort the Government of Panama (GOP) is making for the expansion, transformation and reorientation of educational programs at all levels. It is designed to contribute to correcting the imbalance that exists in access to education between rural and urban groups and to make possible a more practical and vocationally oriented general, scientific and technical education which responds to the social and economic development needs of Panama.

2. Description:

Within the framework of the overall Project, the following four sub-projects will be carried out:

- 2.1 Sub-project 1 will be the transformation and development of the General Basic Education Subsystem by:
- 2.1.1 Providing the General Directorate of Curriculum and Educational Technology of the Ministry of Education (MOE) technical cooperation, training, administrative and logistical support to carry out educational workshops and other activities necessary for the development of the new curriculum (including plans, programs, textbooks and other educational aids) for the General Basic Education level, grades 1-9.
- 2.1.2 Furnishing the MOE Educational Printing Center with equipment, materials, paper, technical cooperation and training to improve and accelerate production and distribution of educational materials, including books, textbooks, teachers guides and manuals necessary for the teaching of the General Basic Education Subsystem.
- 2.1.3 Providing the General Directorate of Curriculum and Educational Technology with technical cooperation, training, books, materials and basic library equipment

to establish a Specialized Curriculum Library.

2.1.4 Constructing or converting through remodeling, rebuilding and/or additions to, at least thirty basic cycle schools, (grades 7-9). This will consist of changes in or additions to physical facilities at each school site as consistent with Project purposes and plans. The schools constructed or transformed will be adequately equipped with basic furniture, equipment and materials for libraries, classrooms, cafeterias, dormitories, home economics facilities, laboratories and agricultural and carpentry shops, as well as vehicles, and whatever other materials and equipment might facilitate the adequate functioning of the schools.

The schools will be predominantly in rural areas, but it is agreed that up to one-sixth of the funds allocated for construction or conversion in the General Basic Education Program may be used for investment in schools in non-rural areas. The GOP or local communities, at the time of initiating each project, will provide duly legalized building sites for school facilities, and in rural areas will provide cultivable land which will furnish practical learning experience with the objective

of production. Regarding the non-rural schools receiving Project support, these will be provided with the means of access to facilities necessary for students to obtain practical learning experiences through the application of their skills in the actual working environment.

- 2.2 Sub-project 2 will be the transformation of the traditional educator training system in the normal schools to a training program through an Educator Training and Educational Development Center by:
- 2.2.1 Providing to the General Directorate of Educator Training of the MOE resources for workshops, seminars, technical cooperation, training and essential equipment and materials to equip the training program in an Educator Training and Educational Development Center in Santiago, Veraguas Province. Administrative, logistical and training support will be furnished under this Sub-project to establish interdisciplinary teams to conduct workshops and seminars for educators throughout the year. The Center will have: (1) a professional training staff of approximately 100 permanent administrative and teaching personnel and additional personnel as necessary for specific assignments as instructors in educator training during the period of

transformation of the educator training system (it is estimated that this will take up to five years); (2) an in-service training program with the resources necessary to train, retrain or upgrade annually approximately 2,500 educators of the General Basic Education Subsystem; (3) various types of training programs for new educators of the agriculture and industrial arts curriculum and for all educators who are teaching in the educational system but who are not certified to teach in the General Basic Education Subsystem, and (4) a system of continuous evaluation of all categories of educators, to determine the effectiveness of the Educator Training Program.

2.2.2 Constructing and remodeling of the educator training installations in Santiago, Veraguas Province, and furnishing essential equipment for the establishment of the Educator Training and Educational Development Center with a capacity of 4,000 students. In addition to existing facilities, the Center will have: (1) dormitory facilities for 400 male students; (2) a shop for production of educational materials; (3) an educational experimentation and research center; (4) a print shop and printing equipment; (5) a library and documentation center; (6)

- one workshop with agricultural equipment; (7) one industrial production workshop; (8) one multi-purpose laboratory with essential equipment; (9) modified classrooms; (10) library, laboratory, shop, classroom, cafeteria, laundry and dormitory furniture, materials and equipment; and (11) vehicles for transportation.
- 2.2.3 Constructing workshop facilities and providing essential equipment for up to two small industrial arts or general shops and other installations and equipment necessary for the transformation of a second educator training center in the country.
- 2.2.4 Providing essential resources to diversify and regionalize the educational seminars and workshops which will be offered for educators of the general education system of the country.
- 2.3 Sub-project 3 will be the development of a National Polytechnic System able to help meet in a flexible manner the changing technical manpower needs of the country in the applied technical and industrial fields by:
- 2.3.1 Providing Polytechnic personnel technical cooperation and training in such fields as manpower needs assessment, job performance analysis and programming.

- 2.3.2 Providing Polytechnic administrative and technical personnel opportunities for observation tours, attendance at seminars and workshops at technical institutes and/or other agencies or institutions both in Panama and other countries in order to develop a technical-professional program for middle-level technicians to meet national manpower needs and job training requirements.
- 2.3.3 Providing the Polytechnic technical cooperation and training including workshops and seminars for the evaluation of instructional systems in order to develop an organizational plan and delineate administrative and operational procedures to improve planning, programming, budgeting and evalution systems of the Polytechnic, so that it may be an institution capable of renewal and adaptation to changing conditions.
- 2.3.4 Providing the Polytechnic teaching staff technical co-operation and training, through workshops, seminars and other appropriate activities, for teaching in the priority fields of industry and applied technology and to remodel present courses according to the principles of competency-based education, adapting where appropriate, printed and other types of educational materials.

- 2.3.5 Providing the Polytechnic technical cooperation and other resources for design and effective utilization of learning resources centers and for the adequate implementation of industrial education.
- 2.3.6 Providing the Polytechnic, for the purpose of developing and introducing a functional program for training teaching staff, technical cooperation and training, both long and short term, including workshops and seminars in (1) organization and staff training; (2) development of a training program; (3) curriculum evaluation; (4) program design for upgrading in-service educators; (5) professional guidance, and (6) development of a system of help to graduates for their placement and of follow-up to get information concerning the results experienced.
- 2.3.7 Constructing and/or modifying the installations of the main location of the Polytechnic in Panama City and of its extension in another area of the country, with the flexibility necessary to extend and regionalize its field of activity in accordance with the changing social, industrial and technological needs of the country.

- 2.3.8 Providing essential furniture, specialized equipment and educational materials for the classrooms, laboratories and workshops of this sub-project.
- 2.4 Sub-project 4 will consist of the establishment of a Center for the Development of the National Capacity in Research by:
- 2.4.1 Establishing with the University of Panama a Center for the Development of the National Capacity in Research which will have the responsibility for carrying out applied research projects for agencies of the government and the private sector. Preference will be given to those programs which promise to be of benefit to national development. The Ministry of Education, for the purpose of improving the efficiency and effectiveness of its programs, will make agreements with the Center for the utilization of the services of the Center in research, development and evaluation activities.
- 2.4.2 Providing technical cooperation and training, including seminars and observation tours, in order to develop the capacity of the Center for the design of research, implementation of analytical techniques, for administration and for the management, implementation and evaluation of

research projects.

- 2.4.3 Providing the Center with resources for technical and scientific documentation including indispensable specialized furniture and equipment.
- 2.4.4 Providing the Center with funds to cover initial costs of operation so that it may obtain earnings for services rendered to the public and private sectors to cover operational expenses.
- 2.4.5 Providing to the Ministry of Education, through the National Directorate of Planning and Educational Reform, funds for research and evaluation activities the MOE wishes to carry out and to underwrite the costs of developing innovative or experimental educational projects.
- 2.4.6 No less than fifty thousand dollars of the funds provided to the MOE under this loan will be reserved for evaluation of the Project.

3. Project Management:

The administration of the Project will be within the regular operating structure of the Ministry of Education, as follows:

- 3.1 The National Directorate of Planning and Educational Reform will have primary responsibility for planning and programming the Loan inputs and the counterpart of the Government of Panama, and for ensuring prompt implemen-

tation and evaluation by responsible departments
within the Ministry of Education.

- 3.2 Fiscal control, accounting, audit and administrative functions will be the responsibility of the National Directorate of Administration and Finance of the MOE, the Chief Officer of which shall be the Administrator of the Project.
- 3.3 The Minister of Education shall be responsible for the overall Project implementation and will designate the Coordination of the Project as an integral part of the National Directorate of Administration and Finance, the functions of which will include the coordination of Project activities with each of the offices of the MOE and those others which may be connected with the implementation of the Project.
- 3.4 The Minister of Education will appoint and preside over a Project Implementation Committee, which will include representatives of each office of the Ministry of Education responsible for programs related to this Project as well as representatives of other institutions of the Government of Panama which may be directly related to its nature and implementation.

- 1 This Committee will be responsible for the coordination of the elements related to the Project with the proposed program to be financed by the Inter-American Development Bank (IDB) and with other related programs financed by other agencies or institutions.
- 3.5 The Project may provide technical cooperation and training of personnel responsible for the Project in management, planning and evaluation of projects and programs. The funds for this purpose may be obtained from the budgets for technical cooperation and training of the sub-projects.

4. Financial Plan:

The cost of the Project will be financed as follows:

	<u>Lender</u> (in thousands of \$/B/.)	<u>Borrower</u>	<u>Total</u>
I. General Basic Education (Grades 1-9)			
A. Land/Property Rights	---	550	550
B. Physical Facilities			
(1) Construction/Modification	3,400	2,250	5,650
(2) Architectural and Engineering Services	200	400	600
(3) Furniture, Equipment, Machinery and Educational Materials	2,535	1,150	3,685
(4) Maintenance	---	150	150
C. Technical Cooperation and Training	300	35	335
D. Community Contribution	---	1,250	1,250
E. Administrative and Logistical Support	---	110	110
TOTAL	6,435	5,895	12,330

II. Teacher Training and Educational Development Center

A. Land/Property Rights	---	120	120
B. Physical Facilities			
(1) Construction/Modification	520	320	840
(2) Architectural and Engineering Services	---	100	100
(3) Furniture, Equipment, Machinery and Educational Materials	650	240	890
C. Technical Cooperation and Training	590	310	900
D. Administrative and Logistical Support	---	110	110
TOTAL	1,760	1,200	2,960

III. National Polytechnic System

A. Land/Property Rights	---	440	440
B. Physical Facilities			
(1) Construction/Modification	1,150	730	1,880
(2) Architectural and Engineering Services	---	80	80
(3) Furniture, Equipment, Machinery and Educational Materials	680	420	1,100
C. Technical Cooperation and Training	<u>550</u>	<u>220</u>	<u>770</u>
TOTAL	2,380	1,890	4,270

IV. Center for the Development of the National Capacity in Research

A. Furniture, Equipment and Educational Materials	25	15	40
B. Initial Costs of Operation	90	--	90
C. Research and Evaluation Fund (MOE)	300	80	380
D. Technical Cooperation and Training	10	75	85
E. Administrative and Logistical Support	--	<u>135</u>	<u>135</u>
TOTAL	<u>425</u>	<u>305</u>	<u>730</u>
GRAND TOTAL	<u>11,000</u>	<u>9,290</u>	<u>20,290</u>
PERCENTAGES	<u>54.2</u>	<u>45.8</u>	<u>100</u>

Prestamo A.I.D. No. 525-V-043

CONVENIO DE PRESTAMO

entre

LA REPUBLICA DE PANAMA

y

LOS ESTADOS UNIDOS DE AMERICA

para el

PRESTAMO DEL SECTOR DE EDUCACION II

Fecha: 19 de Noviembre de 1975

C O N V E N I O D E P R E S T A M O , de fecha 19 de Noviembre de 1975, entre la REPUBLICA DE PANAMA ("Prestatario") y los ESTADOS UNIDOS DE AMERICA, a traves de la AGENCIA PARA EL DESARROLLO INTERNACIONAL ("Prestamista").

ARTICULO I

El Préstamo

SECCION 1.01. El Préstamo. El Prestamista acuerda prestar al Prestatario, de conformidad con la Ley de Ayuda Exterior de 1961 tal como fue enmendada, una cantidad no superior a los ONCE MILLONES DE DOLARES DE LOS ESTADOS UNIDOS (\$11,000,000) ("Préstamo") para ayudar al Prestatario a llevar a cabo el Proyecto a que se refiere la Sección 1.02 ("Proyecto"). El Préstamo se empleará exclusivamente para financiar los costos de bienes y servicios extranjeros requeridos para el Proyecto ("Los Costos Extranjeros") y los costos de bienes y servicios locales requeridos para el Proyecto ("Los Costos Locales"). El monto conjunto de desembolsos cubiertos por el Préstamo se llamará en lo sucesivo "Capital".

SECCION 1.02. El Proyecto. El Proyecto consistirá en la modernización, reestructuración y reorientación de los programas educacionales en todos los niveles dentro del sistema educacional formal y no-formal.

El Proyecto está descrito mas ampliamente en el Anexo I, aquí adjunto, pudiendo dicho Anexo ser modificado por escrito. Los bienes y servicios a ser financiados bajo el Préstamo estarán catalogados en las Cartas de Ejecución mencionadas en la Sección 8.03 ("Cartas de Ejecución").

ARTICULO IITérminos del Préstamo

SECCION 2.01. Intereses. El Prestatario acepta pagar al Prestamista intereses devengados a razón de dos porciento (2%) anual durante los diez años siguientes a la fecha del primer desembolso efectuado en virtud del presente Convenio, y a razón de tres porciento (3%) anual de allí en adelante, sobre el saldo pendiente de Capital y sobre cualquier interés vencido y no pagado. El interés sobre el saldo pendiente comenzará a devengarse desde la fecha de cada desembolso respectivo (según se define dicha fecha en la Sección 6.04), y se calculará sobre la base de un año de 365 días. El interés será pagadero semestralmente. El primer pago de interés vencerá y será pagadero a más tardar seis (6) meses después de efectuado el primer desembolso en virtud del presente, en fecha que fijará el Prestamista.

SECCION 2.02. Pago. El Prestatario conviene en pagar al Prestamista el Capital dentro de los cuarenta (40) años contados a partir de la fecha del primer desembolso efectuado en virtud del presente, en sesenta y una (61) cuotas aproximadamente semestrales de Capital e interés, siendo el primer pago de Capital pagadero nueve y medio años después de la fecha en que venza el primer pago de interés de conformidad con la Sección 2.01. El Prestamista deberá entregar al Prestatario una tabla de amortización de conformidad con esta Sección luego de efectuado el desembolso final en virtud del Préstamo.

SECCION 2.03. Aplicación, Moneda y Lugar de Pago. Todos los pagos de interés y Capital dentro de este Convenio se harán en dólares de los Estados Unidos y se aplicarán primero al pago de los intereses pendientes y después al pago de Capital. A menos que el Prestamista acuerde lo contrario por escrito, todos los pagos se harán al Contralor, Agencia para el Desarrollo Internacional, Washington, D.C., U.S.A. y se considerará efectuado el pago cuando sea recibido por dicha Oficina del Contralor.

SECCION 2.04. Pago por Adelantado. Luego de pagados todos los intereses y reembolsos vencidos para entonces, el Prestatario podrá pagar, sin recargo, el total o parte del Capital. Cualquier pago adelantado se aplicará a las cuotas de Capital en orden inverso a su vencimiento.

SECCION 2.05. Renegociación de los Términos del Préstamo. El Prestatario conviene en negociar con el Prestamista, en el momento o los momentos en que el Prestamista pueda solicitarlo, un aceleramiento de los pagos del Préstamo, en caso de producirse cualquiera mejora significativa en la posición y perspectivas financieras y económicas internas y externas de la República de Panamá.

ARTICULO III.Condiciones Previas al Desembolso

SECCION 3.01. Condiciones Previas al Desembolso Inicial. Antes del primer desembolso o de la emisión de la primera Carta de Compromiso bajo el Préstamo, el Prestatario acuerda, salvo que el Prestamista pudiera convenir de otro modo por escrito, proporcionar al Prestamista en forma y contenido satisfactorio al Prestamista:

- (a) Un dictamen del Procurador General de la Nación en el sentido de que este Convenio ha sido debidamente autorizado y/o ratificado por, y ejecutado en nombre de, el Prestatario, y que constituye una obligación válida y legalmente obligatoria para el Prestatario de conformidad con todos sus términos;
- (b) Una declaración que exprese los nombres de las personas que son titulares o suplentes del cargo en la Oficina del Prestatario que se especifica en la Sección 8.02, y un especímen de la firma autógrafa de cada una de las personas especificadas en dicha declaración;
- (c) Evidencia de que el Prestatario ha designado un Administrador del Proyecto, quien es un empleado del Prestatario, con autoridad y responsabilidad para coordinar todos los aspectos del Proyecto
- (d) Un plan detallado por etapas para la ejecución del Proyecto.

SECCION 3.02. Condiciones Previas a la Construcción de Escuelas.

Antes de cualquier desembolso o de la emisión de cualquier Carta de Compromiso cubierta por el Préstamo para fines de construcción, el Prestatario deberá, salvo lo que el Prestamista pudiera de otro modo convenir por escrito, proporcionar en forma y contenido satisfactorios al Prestamista:

- (a) Evidencia de que el Prestatario ha obtenido para sí mismo o para los fines del Proyecto los derechos de propiedad, incluyendo servidumbres y permisos de paso, que se requieran para la construcción y funcionamiento de la escuela que se ha de construir;
- (b) Un plan de mantenimiento para escuelas incluyendo el equipo con que cuentan las mismas (Plan de Mantenimiento);
- (c) Evidencias de que se ha contratado los servicios de un asesor idóneo para brindar asistencia al recientemente creado Departamento de Inspección y Mantenimiento del Ministerio de Educación.

SECCION 3.03. Condiciones Previas a la Construcción del Centro de Desarrollo Educativo.

Antes de cualquier desembolso o de la emisión de cualquier Carta de Compromiso cubierta por este Préstamo para la construcción del Centro de Desarrollo Educativo, el Prestatario deberá, salvo lo que el Prestamista de otro modo pudiera convenir por escrito, proporcionar en forma y contenido satisfactorios al Prestamista:

- (a) Evidencia de que los graduados del Programa de Formación y Capacitación de Educadores que se ha de establecer en el Centro de Desarrollo Educativo serán reconocidos para enseñar en la Enseñanza General Básica;
- (b) Evidencia de que el Prestatario ha obtenido para sí mismo o para fines del Proyecto, los derechos de propiedad, incluyendo servidumbres y permisos de paso, que se requieran para la construcción y funcionamiento del Centro de Desarrollo Educativo.

SECCION 3.04. Fecha Límite para Cumplir con las Condiciones Previas al Desembolso.

- (a) Si no se ha cumplido con todas las condiciones previas estipuladas en la Sección 3.01 dentro de los 120 días siguientes a la fecha de este Convenio, o en fecha posterior que el Prestamista acuerde por escrito, el Prestamista podrá, a su discreción, dar por terminado este Convenio mediante notificación escrita al Prestatario. Con la entrega de tal notificación, quedarán sin efecto este Convenio y todas las obligaciones contraídas por las partes en virtud del mismo.
- (b) Si no se ha cumplido con todas las condiciones estipuladas en las Secciones 3.02 y 3.03 en fechas posteriores que el Prestamista fije por escrito, el Prestamista, a su discreción, podrá cancelar el saldo de los fondos no desembolsados del Préstamo hasta esa fecha y/o podrá dejar sin efecto este Convenio mediante notificación escrita al Prestatario.

En caso de terminación, al entregársele la notificación escrita, el Prestatario pagará de inmediato el Capital pendiente en ese momento y todo interés acumulado, y al recibo de tales pagos en su totalidad, este Convenio y todas las obligaciones contraídas por las partes en virtud del mismo, habrán concluido.

SECCION 3.05. Notificación de Cumplimiento de las Condiciones

Previas al Desembolso. El Prestamista notificará al Prestatario una vez que el Prestamista haya determinado que las condiciones previas al desembolso especificadas en la Sección 3.01, y, cuando fuere el caso, 3.02 y 3.03 han sido cumplidas.

ARTICULO IVEstipulaciones y Garantías GeneralesSECCION 4.01. Ejecución del Proyecto.

- (a) El Prestatario conviene llevar a cabo el Proyecto con debida diligencia y eficiencia y de conformidad con prácticas seguras en materias de ingeniería, construcción, asuntos financieros y administración. Con relación a ésto, el Prestatario conviene emplear en todo momento consultores capacitados y con experiencia para que sean profesionalmente responsables del diseño y ejecución del Proyecto y contratistas de construcción competentes y capacitados para llevar a cabo el Proyecto. Las comunidades podrán participar bajo supervisión competente en la ejecución del Proyecto.
- (b) El Prestatario conviene en hacer que el Proyecto se lleve a cabo de acuerdo con todos los planos, especificaciones, contratos, programas y otras disposiciones y con todas las modificaciones de ellos, aprobadas por el Prestamista de conformidad con este Convenio.

SECCION 4.02. Fondos y Otros Recursos que proveera el Prestatario.

El Prestatario conviene proveer sin demora, segun se necesiten, todos los fondos, y todos los recursos ademas de los del Préstamo, que se requieran para la puntual y eficaz ejecución, mantenimiento, reparación y operación del Proyecto. En este sentido, a menos que el Prestamista acuerde de otro modo por escrito, el Prestatario deberá ejecutar el plan de mantenimiento aprobado.

SECCION 4.03. Consultas Continuas.

- (a) El Prestatario y el Prestamista se comprometen a cooperar plenamente para asegurar que se cumpla el propósito del Préstamo. Con este fin, de tiempo en tiempo, a petición de cualquiera de ellos, intercambiaran puntos de vista a través de sus representantes, en relación con el progreso del proyecto, el cumplimiento de las obligaciones de las partes, bajo este convenio, el desempeño de los asesores, contratistas y proveedores que participen en el Proyecto, y otros asuntos relacionados con el mismo.
- (b) En este sentido, al año del primer desembolso y anualmente de allí en adelante durante la vigencia del proyecto, el Prestatario deberá llevar a cabo conjuntamente con el Prestamista una revisión intensiva y evaluación del progreso del Proyecto.

SECCION 4.04. Administración. El Prestatario deberá proveer administración competente y capacitada para el Proyecto y adiestrará suficiente personal, según fuese necesario, para el mantenimiento y operación del Proyecto.

SECCION 4.05. Operación y Mantenimiento. El Prestatario hará que las instalaciones construidas bajo este Proyecto sean mantenidas y reparadas de conformidad con prácticas seguras de ingeniería, financieras y administrativas para asegurarse del logro continuo y exitoso de los propósitos del Proyecto.

SECCION 4.06. Tributación.

- (a) Este Convenio, el Préstamo, y cualquiera evidencia de deuda emitida al respecto, estarán libres de, y el capital e intereses serán pagados sin deducciones y libres de cualquier tributo o derecho establecido por las leyes vigentes en Panamá o cualquier subdivisión política con excepción de los Municipios.
- (b) En el caso de cualquier tributo municipal o tarifas impuestas en relación a este Convenio, el Préstamo o cualquier evidencia de deuda emitida en relación a este, el Prestatario garantiza que pagará dichos tributos y tarifas con otros recursos que aquellos provistos bajo el Préstamo y otros que no sean aquellos que el Prestamista está obligado a contribuir para el Proyecto.
- (c) Hasta el grado que (i) cualquier contratista, incluyendo cualquier firma consultora, cualquier personal de tal contratista financiado en virtud de ésta, y cualquier propiedad o transacción relacionada a tal contrato y (ii) cualquier transacción en obtención de artículos de consumo y financiados en virtud de este, no estén exentos de tributo, tarifas, impuestos identificables y otras contribuciones impuestas bajo las leyes en vigor en la República de Panamá, o cualquier subdivisión política, el Prestatario deberá, como y hasta el grado descrito en y conforme a las Cartas de Ejecución, pagar o reembolsar el mismo bajo la Sección 4.02 de este Acuerdo, con otros fondos que aquellos provistos bajo el Préstamo.

SECCION 4.07. Utilización de Bienes y Servicios.

- (a) Los bienes y servicios financiados con fondos del Prestamo deberán ser utilizados exclusivamente para los fines del Proyecto, excepto en cuanto el Prestamista pudiere acordar de otro modo por escrito. Al completarse el Proyecto, o en cualquier otro momento en que los bienes financiados con el Prestamo no puedan ya ocuparse de modo útil para el Proyecto, el Prestatario podrá usar dichos bienes o disponer de ellos de tal modo como las partes pudieren convenir por escrito antes de dicho uso o disposición.
- (b) Salvo lo que el Prestamista pueda acordar de otro modo por escrito, ningunos bienes ni servicios financiados con el Prestamo podrán usarse para promover o ayudar en ningun proyecto o actividad de ayuda exterior relacionada con, o financiada por ningun país no incluido en el Código 935 del Libro de Código Geográfico de la A.I.D. ("A.I.D. Geographic Code Book") como esté vigente al momento de tal uso.

SECCION 4.08. Declaración de Hechos y Circunstancias Pertinentes.

El Prestatario expone y asegura que todos los hechos y circunstancias que ha declarado o hecho declarar al Prestamista durante la obtención del Prestamo son exactos y completos, y que el ha expuesto al Prestamista exacta y totalmente todos los hechos y circunstancias, que pudieren afectar substancialmente al Proyecto y al cumplimiento de sus obligaciones según este Convenio. El Prestatario informará al Prestamista sin demora de cualquier hecho o circunstancia que pudieren suscitarse en lo sucesivo, o que razonablemente pudiese creer que pudieren afectar substancialmente al Proyecto o al cumplimiento de las obligaciones del Prestatario según este Convenio.

SECCION 4.09. Comisiones, Honorarios y Otros Pagos.

- (a) Los firmantes garantizan y convienen que en relación a la obtención del Préstamo, o la adopción de cualquiera medida de conformidad con este Convenio o respecto del mismo, no ha pagado, ni pagará, ni acordará pagar, ni al leal saber y entender de las partes se ha pagado, ni se pagará, ni se acordará pagar por parte de ninguna otra persona o entidad, comisiones honorarios, ni pago alguno de otra especie, excepto como remuneración normal a los funcionarios y empleados a tiempo completo, o como remuneración por genuinos servicios profesionales, técnicos o servicios comparables. Los firmantes reportarán prontamente de cualquier pago o acuerdo de pago para tales genuinos servicios profesionales, técnicos o servicios comparables de los cuales es parte o de los cuales tiene conocimiento (indicando si dicho pago ha sido efectuado o si será efectuado sobre una base condicional) y si la cantidad de dicho pago es considerada irrazonable por el Prestamista, la misma deberá ser ajustada de manera satisfactoria.
- (b) Los firmantes acuerdan y convienen que ningún pago ha sido ni será recibido por las partes ni por funcionario alguno de las partes en relación con la adquisición de bienes y servicios financiados en virtud del presente, excepto los honorarios, impuestos y pagos similares legalmente establecidos en la República de Panamá o en los Estados Unidos de América.

SECCION 4.10. Mantenimiento y Fiscalización de Archivos. El Prestatario acuerda mantener, o hará mantener de conformidad con principios y prácticas seguras de contabilidad aplicadas consistentemente, libros y archivos que se relacionen tanto al Proyecto como a este Convenio. Tales libros y archivos deberán sin limitaciones ser adecuados para mostrar:

- (a) la recepción y empleo de bienes y servicios adquiridos con fondos desembolsados de conformidad con este Convenio;
- (b) la naturaleza y extensión del pedido de cotizaciones a presuntos proveedores de bienes y servicios adquiridos;
- (c) la base de la concesión de contratos y pedidos a los licitantes favorecidos; y
- (d) el progreso del proyecto.

Tales libros y archivos serán auditados regularmente de acuerdo con prácticas de auditoría aceptables y a tales intervalos como lo acuerden el Prestatario y el Prestamista (con una frecuencia no menor de una vez al año). Dichos libros y archivos se mantendrán por cinco años después de la fecha del último desembolso hecho por el Prestamista o hasta que todas las sumas adeudadas al Prestamista bajo este Convenio se hayan pagado, según cual de esas fechas ocurra primero.

SECCION 4.11. Informes. A solicitud razonable del Prestamista, el Prestatario suministrará al Prestamista información y reportes relacionados con el Préstamo y con el Proyecto.

* **SECCION 4.12. Inspecciones.** Los representantes autorizados del Prestamista tendrán derecho, previa notificación al Prestatario, en cualquier ocasión razonable a inspeccionar el Proyecto, la utilización

de todos los bienes y servicios financiados con el Prestamo, los libros, archivos y otros documentos del Prestatario relacionados con el Proyecto y el Prestamo. El Prestatario cooperara con el Prestamista para facilitar tales inspecciones y permitira a representantes del Prestamista visitar cualquier parte del pais del Prestatario con cualquier propósito relacionado con el Prestamo.

ARTICULO VAdquisicionesSECCION 5.01. Adquisiciones de Paises Incluidos en el Código 941.

Excepto lo que el Prestamista pudiere acordar de otro modo por escrito, y excepto lo estipulado en la sub-sección 5.09(c) con respecto a seguros marítimos, los desembolsos efectuados de conformidad con la Sección 6.01 se usarán exclusivamente para financiar la adquisición de bienes y servicios para el Proyecto que tengan su fuente y origen en países incluidos en el Código 941 del Libro de Códigos Geográficos de la A.I.D., tal como este vigente en el momento en que se coloquen pedidos o se firmen contratos por tales bienes y servicios. Todo embarque marítimo financiado por el Préstamo tendrá tanto su fuente como su origen en países incluidos en el Código 941 del Libro de Códigos Geográficos de la A.I.D., tal como este vigente en el momento de embarque.

SECCION 5.02. Adquisiciones en la República de Panamá. Los desembolsos efectuados de conformidad con la Sección 6.02 se emplearán exclusivamente para financiar la adquisición para el Proyecto de bienes y servicios que tengan tanto su fuente como su origen en la República de Panamá.

SECCION 5.03. Fecha de Elegibilidad. Excepto lo que el Prestatario y el Prestamista pudieren convenir de otra manera por escrito, no se podrán financiar con el Préstamo bienes o servicios que se adquieran de conformidad con pedidos o contratos en firme o ejecutados antes de la fecha de este Convenio.

SECCION 5.04. Bienes y Servicios no Financiados con Fondos del

Prestamo. Los bienes y servicios adquiridos para el Proyecto pero no financiados con fondos del Prestamo, tendran su fuente y origen en países incluidos en el Código 935 del Libro de Códigos Geográficos de la A.I.D., tal como este vigente al momento en que se coloquen pedidos para tales bienes y servicios.

SECCION 5.05. Cumplimiento de Requisitos para Adquisición. Las definiciones aplicables a los requisitos de elegibilidad de las Secciones 5.01, 5.02 y 5.04 se establecerán en detalle en las Cartas de Ejecución, consistente con la ley Panameña.

SECCION 5.06. Planos, Especificaciones y Contratos.

- (a) Excepto lo que el Prestamista pudiere acordar de otro modo por escrito, el Prestatario deberá suministrar prontamente al Prestamista todos los planos, especificaciones, programa de construcción, documentos de licitación y contratos relacionados con el Proyecto y cualquiera modificaciones.
- (b) Excepto lo que el Prestamista pudiere acordar de otro modo por escrito, todos los planos, especificaciones y programas de construcción suministrados de conformidad con la sub-sección (a) deberán ser aprobados por el Prestamista por escrito.
- (c) Todos los documentos de licitación y documentos relacionados con la solicitud de propuestas relativas a bienes y servicios financiados por el Préstamo deberán ser aprobados por el Prestamista por escrito antes de su emisión. Todos los planos, especificaciones y otros documentos relativos a bienes y

servicios financiados por el Préstamo deberán ser especificados en normas y medidas de los Estados Unidos o Panamá, excepto lo que el Prestamista acuerde de otro modo por escrito.

- (d) Los siguientes contratos financiados por el Préstamo deberán ser aprobados por el Prestamista y el Prestatario, por escrito, en la siguiente forma:
- (1) contratos para ingeniería antes de su ejecución;
 - (2) contratos para servicios de construcción antes de su ejecución;
 - (3) contratos para servicios profesionales y tales otros servicios que el Prestamista y el Prestatario puedan especificar, previa consulta con el Prestamista;
 - (4) contratos para materiales y equipo que el Prestamista y el Prestatario puedan especificar antes de su ejecución.

En el caso de cualquiera de los arriba mencionados contratos para servicios, el Prestamista y el Prestatario deberán también aprobar por escrito al Contratista y al personal clave que previamente especifiquen el Prestamista y el Prestatario. Las modificaciones significativas en cualquiera de dichos contratos y los cambios en dicho personal también deberán ser consultados con el Prestamista por escrito antes de su entrada en vigencia.

- (e) Firmas consultoras utilizadas por el Prestatario para el Proyecto, pero no financiadas por el Préstamo, el esquema de su trabajo y el esquema de los servicios del personal asignado al Proyecto tal como el Prestamista pudiese especificar, y los contratistas de construcción utilizados por el Prestatario para el Proyecto pero no financiados bajo el Préstamo deberán ser aceptables al Prestamista y Prestatario.

SECCION 5.07. Precios Razonables. No se pagaran precios mayores que los razonables por cualesquier bienes o servicios financiados total o parcialmente con fondos del Prestamo, tal como se detalla mas ampliamente en las Cartas de Ejecución. Tales artículos se adquirirán usando un criterio de equidad y, salvo para los servicios profesionales, de libre competencia, de conformidad con procedimientos prescritos para ello en las Cartas de Ejecución.

SECCION 5.08. Empleo de Ciudadanos Extranjeros. El empleo de personal para prestar servicios bajo cualquier contrato de construcción financiado por el Préstamo, deberá estar sujeto a ciertos requisitos con relación a ciudadanos de países que no sea La República de Panamá y países incluidos en el Código 941 del Libro de Códigos Geográficos de la A.I.D. tal como esté vigente al momento de la iniciación del contrato. Estos requisitos están prescritos en las Cartas de Ejecución.

SECCION 5.09. Embarques y Seguros.

- (a) Los bienes procedentes de países incluidos en el Código 941 financiados con fondos del Préstamo deberán ser transportados al país del Prestatario solamente en barcos bajo bandera de cualquiera de los países incluidos en el Código 935 del Libro de Códigos Geográficos de la A.I.D., tal como esté vigente al momento de embarque. Ninguno de tales bienes seran transportados en barcos o aviones (i) cuando el Prestamista, en nota al Prestatario, ha designado como inelegible para transportar bienes financiados por el Préstamo o (ii) que han sido fletados para el transporte de los bienes financiados por el Préstamo a menos que dicho fletamento haya sido aprobado por el Prestamista.

- (b) A menos que el Prestatario y el Prestamista determinen que no existe disponibilidad de embarcaciones comerciales de propiedad privada bajo bandera Estadounidense a tarifas equitativas y razonables para tales barcos, (i) por lo menos un cincuenta por ciento (50%) del tonelaje bruto de todos los bienes, (computados separadamente para cargueros de mercancía seca a granel, barcos de carga seca y buques cisternas), financiados con fondos del Préstamo que se transporten por barcos transoceánicos, serán transportados en embarcaciones comerciales de propiedad privada bajo bandera estadounidense, y (ii) por lo menos cincuenta por ciento (50%) de los ingresos brutos en concepto de flete, generados por embarques financiados con fondos del Préstamo y transportados en barcos de mercancía seca a la República de Panamá será pagada a o en beneficio de barcos comerciales con bandera estadounidense de propiedad privada. Cumplimiento de los requisitos (i) y (ii) arriba mencionados deberán realizarse con relación tanto a carga transportada desde un puerto estadounidense, como a carga transportada desde un puerto noestadounidense, computado separadamente.
- (c) El seguro marítimo de bienes procedentes de países incluidos en el Código 941 podrá ser financiado con el Préstamo mediante desembolsos efectuados de conformidad con la Sección 6.01, siempre y cuando (i) dicho seguro se coloque a la menor tasa competitiva obtenible en la República de Panamá o en un país incluido en el Código 941 del Libro de Códigos Geográficos de

la A.I.D., tal como este en vigencia al momento de colocarlo, o (ii) qué los reclamos bajo el mismo se paguen en la moneda en la cual dichos bienes fueron financiados o en moneda de libre convertibilidad. Si el Gobierno de la Republica de Panama, ya sea por ley, decreto, reglamentación o por tradición, descriminara con respecto a compras y suministros financiados con el Préstamo contra cualquiera compañía de seguros marítimos autorizada para operar en cualquier Estado de los Estados Unidos, entonces todos los bienes embarcados hacia el país prestatario financiados bajo el Préstamo deberán ser asegurados contra riesgos marítimos y tales seguros seran colocados en los Estados Unidos con una compañía o compañías autorizadas para operar en el negocio de seguros marítimos en un Estado de los Estados Unidos.

- (d) El Prestatario tomará seguro o hará que se tome seguro sobre todos los bienes procedentes de países incluídos en el Código 941 financiados con fondos del Préstamo contra los riesgos relacionados al transporte hasta el punto de su uso en el Proyecto. Los términos y condiciones en que se emita tal seguro deberán estar de conformidad a las prácticas comerciales sólidas y se deberá asegurar el valor total de los bienes. Toda indemnización recibida por el Prestatario bajo tal seguro se usará para reemplazar o reparar cualquier daño material o cualquier pérdida de los bienes asegurados o se usará para reembolsar al Prestatario por el reemplazo o reparación de tales bienes. Cualquier reemplazo deberá tener su fuente

y origen en la República de Panamá o en países incluidos en el Código 941 del Libro de Códigos Geográficos de la A.I.D., tal como esté vigente al momento en que se coloquen los pedidos o se firmen los contratos para tales reemplazos y estará por lo demás sujeto a las estipulaciones de este Convenio.

SECCION 5.10. Notificación a Proveedores Potenciales. A fin de que todas las firmas estadounidenses tengan la oportunidad de participar en el suministro de bienes y servicios que se financiará con los fondos del Préstamo, el Prestatario proporcionará al Prestamista la información pertinente en cualquier momento que el Prestamista pudiere solicitarlo en las Cartas de Ejecución.

SECCION 5.11. Materiales Excedentes de Propiedad del Gobierno de los Estados Unidos. El Prestatario utilizará, con respecto a bienes finanziados con fondos del Préstamo, de los cuales el Prestatario se haga dueño legal al momento de la adquisición, aquellos Materiales Excedentes reacondicionados de propiedad del Gobierno de los Estados Unidos que pudieren estar disponibles dentro de un período razonable de tiempo. El Prestatario solicitará ayuda al Prestamista y el Prestamista ayudará al Prestatario para constatar la disponibilidad de dichos Materiales Excedentes. El Prestamista tomará las medidas del caso para que el Prestatario o su representante efectúen cualquier inspección necesaria de dichos materiales. Los costos de inspección y de adquisición, y todos los cargos relacionados con la transferencia de dichos Materiales Excedentes al Prestatario podrán ser financiados con fondos del Préstamo.

Antes de la adquisición de cualquier bien, que no sea Materiales Excedentes, financiado con fondos del Préstamo y después de haber solicitado la ayuda correspondiente de parte del Prestamista, el Prestatario indicará por escrito al Prestamista, basándose en la información de que entonces disponga, ya sea que tales bienes no pueden obtenerse oportunamente de Materiales Excedentes de propiedad del Gobierno de los Estados Unidos, reacondicionados, o ya sea que los bienes que pudieren obtenerse no sean técnicamente apropiados para su uso en el Proyecto.

SECCION 5.12. Información y Rotulación. El Prestatario conviene dar publicidad al Préstamo y al Proyecto como un programa conjunto utilizando recursos de los Estados Unidos de América y de la República de Panamá para el fomento de los objetivos mutuos, identificará el lugar del Proyecto, y rotulará los bienes financiados con el Préstamo, según se expresa en las Cartas de Ejecución.

ARTICULO VIDesembolsosSECCION 6.01. Desembolsos Correspondientes a Costos Extranjeros -

Cartas de Compromiso para Bancos de Estados Unidos. Una vez satisfechas las Condiciones Previas para desembolso, el Prestatario podrá, cada cierto tiempo, pedir al Prestamista que emita Cartas de Compromiso por cantidades determinadas a uno o mas bancos de los Estados Unidos, satisfactorios para el Prestamista, obligándose el Prestamista a reembolsar a tal banco o tales bancos por pagos que ellos hubieren efectuado a contratistas o proveedores, mediante el uso de Cartas de Crédito o de otro modo, por los costos extranjeros de bienes y servicios adquiridos para el Proyecto de conformidad con términos y condiciones de este Convenio. El pago hecho por un Banco a un contratista o proveedor lo hará el Banco a la presentación de tales documentos de justificación como el Prestamista pudiere haber determinado en las Cartas de Compromiso y Cartas de Ejecución. Los gastos bancarios en que se incurra en relación a Cartas de Compromiso y Cartas de Crédito serán a cargo del Prestatario y podrán financiarse con fondos del Préstamo.

SECCION 6.02. Desembolsos Correspondientes a Costos Locales. Una vez cumplidas las condiciones previas, el Prestatario podrá cada cierto tiempo, solicitar desembolsos al Prestamista para gastos locales de bienes y servicios adquiridos para el Proyecto de acuerdo con los términos y condiciones de este Convenio presentando al Prestamista los documentos que el Prestamista solicite por medio de Cartas de Ejecución. Los fondos utilizados bajo el Préstamo para financiar Costos Locales deberán

estar disponibles bajo procedimientos satisfactorios al Prestamista.

SECCION 6.03. Otras Formas de Desembolso. Podrá así mismo efectuarse desembolsos del Préstamo mediante otras maneras que pudieren acordar por escrito el Prestamista y el Prestatario.

SECCION 6.04. Fecha de Desembolso. Desembolsos hechos por el Prestamista se considerarán efectuados (a) en el caso de desembolsos de conformidad con la Sección 6.01, en la fecha en que el Prestamista haga un desembolso al Prestatario, a quien este designe, o a una institución bancaria de conformidad con una Carta de Compromiso, y (b) en el caso de desembolsos de conformidad con la Sección 6.02, en la fecha en que el Prestamista desembolse al Prestatario o a quien este designe.

SECCION 6.05. Fecha Final para Desembolsos. Excepto lo que el Prestamista y el Prestatario pudieren acordar de otro modo por escrito, no se emitirá ninguna Carta de Compromiso, ni otro documento de compromiso que pueda requerirse para otro tipo de desembolso según la Sección 6.03 o enmienda de los mismos en respuesta a peticiones recibidas por el Prestamista, después del 15 de Septiembre de 1978 y no se efectuará desembolso alguno contra documentación recibida por el Prestamista o por cualquier banco descrito en la Sección 6.01 después del 15 de Marzo de 1979. El Prestamista según elija, podrá en cualquier ocasión u ocasiones después del 15 de Septiembre de 1978, reducir el Préstamo por el total o por cualquiera parte del mismo para la cual no hubiera recibido documentación antes de dicha fecha.

ARTICULO VIICancelación y Suspensión

SECCION 7.01. Cancelación por Mutuo Acuerdo. El Prestatario y el Prestamista pueden, por mutuo acuerdo, por escrito cancelar cualquier parte del Préstamo (i) que, antes de la fecha de dicho acuerdo, el Prestamista no hubiere desembolsado o no se hubiere comprometido a desembolsar, o (ii) no hubiere sido utilizada para entonces a través de Cartas de Crédito irrevocables o a través de pagos bancarios efectuados que no sean Cartas de Crédito irrevocables.

SECCION 7.02. Casos de Incumplimiento; Pago Inmediato. Si uno o más de los siguientes casos ("Casos de Incumplimiento") ocurriere:

- (a) El Prestatario hubiere dejado de pagar a su vencimiento cualquier interés o cuota de capital requeridos segun este Convenio;
- (b) El Prestatario hubiere dejado de cumplir cualquiera otra estipulación de este Convenio incluyendo, pero sin limitación, la obligación de ejecutar el Proyecto con debida diligencia y eficiencia;
- (c) El Prestatario hubiere dejado de pagar a su vencimiento cualquier interés o cualquiera cuota al Capital o cualquier otro pago requerido bajo cualquier otro convenio de préstamo, cualquier convenio de garantía, o cualquier otro convenio entre el Prestatario o cualquiera de sus dependencias y el Prestamista o cualquiera de sus agencias antecesoras; entonces el Prestamista podrá, a su discreción, notificar al Prestatario

tarlo que todo o parte del capital no pagado vencerá y será pagadero sesenta (60) días a partir de entonces y, a menos que el caso de incumplimiento se corrija dentro de dichos sesenta (60) días:

- (1) el capital no pagado y todo interés devengado según este Convenio vencerá y será pagadero de inmediato y,
- (2) el monto de cualesquiera otros desembolsos efectuados de acuerdo con Cartas de Crédito irrevocables pendientes para entonces ya sea de otra manera, vencerán y serán pagaderos tan pronto como sean efectuados.

SECCION 7.03. Suspensión de Desembolsos. En caso que en cualquier momento:

- (a) hubiere ocurrido un caso de incumplimiento;
- (b) ocurriere un evento que el Prestamista o el Prestatario consideren una situación extraordinaria que hiciere improbable, ya sea que el propósito del Préstamo pudiere cumplirse o que el Prestatario pudiere cumplir con sus obligaciones de este Convenio;
- (c) cualquier desembolso por el Prestamista fuere violatorio de la legislación de los Estados Unidos que rige la Ayuda Exterior;
- (d) El Prestatario hubiere dejado de pagar a su vencimiento cualquier interés o cualquier cuota al Capital o cualquier otro pago requerido bajo cualquiera otro convenio de Préstamo,

cualquier convenio de garantía, o cualquier otro convenio entre el Prestatario o cualquiera de sus dependencias y el Gobierno de los Estados Unidos o cualesquiera de sus agencias; el Prestamista puede a su discreción:

- (1) suspender o cancelar los documentos de compromiso pendientes hasta la medida en que no hayan sido utilizados mediante la emisión de Cartas de Crédito irrevocables o mediante pagos bancarios efectuados que no hubieren sido Cartas de Crédito Irrevocables en cuyo caso el Prestamista notificará al Prestatario luego de ello sin demora;
- (2) declinar de hacer otros desembolsos que aquellos cubiertos por documentos de compromisos ya emitidos;
- (3) declinar emitir documentos de compromisos adicionales;
- (4) por cuenta del Prestamista, mandar que el título de propiedad de bienes financiados con fondos del Préstamo sea transferido al Prestamista, si los bienes provienen de una fuente exterior del país del Prestatario, están en estado de entrega y no han sido descargados en puertos de entrada del país del Prestatario. Cualquier desembolso hecho o por hacer de conformidad con el Préstamo respecto de tales bienes transferidos; se deducirá del Capital.

SECCION 7.04. Cancelación por parte del Prestamista. Luego de cualquier suspensión de desembolsos de conformidad a la Sección 7.03, si la causa o las causas para tal suspensión de desembolsos no hubieren

sido eliminadas o corregidas dentro de los sesenta (60) días contados a partir de la fecha de dicha suspensión, el Prestamista podrá, a su discreción, en cualesquiera ocasión u ocasiones posteriores, cancelar total o parcialmente el Préstamo que no haya sido para entonces desembolsado ni esta sujeto a Cartas de Crédito irrevocables.

SECCION 7.05. Vigencia Continua del Convenio. No obstante cualquier cancelación, suspensión de desembolso o aceleración de pago, las estipulaciones de este Convenio continuarán en pleno vigor y vigencia hasta el pago total de todo el Capital e intereses acumulados de conformidad al mismo.

SECCION 7.06. Reintegros.

- (a) En caso de cualquier desembolso no respaldado por documentación válida según los términos de este Convenio, o de cualquier desembolso no efectuado o usado de conformidad con los términos de este Convenio, el Prestamista, no obstante la aplicabilidad o ejercicio de cualquiera de los otros recursos previstos en este Convenio, podrá requerir del Prestatario el reintegro, en dólares estadounidenses, de dicho monto al Prestamista, dentro de los treinta (30) días siguientes al recibo de dicho requerimiento. Dicho monto se aplicará primero al costo de bienes y servicios adquiridos para este Proyecto hasta donde se justifique; el saldo, si lo hubiere, se aplicará a las cuotas de Capital en el orden inverso al de su vencimiento, el monto del Préstamo deberá reducirse en el

monto de dicho saldo. A pesar de cualquiera otra estipulación en este Convenio, el derecho del Prestamista de exigir un reintegro respecto a cualquier desembolso sujeto al Préstamo continuará por cinco (5) años siguientes a la fecha de dicho desembolso.

- (b) En caso de que el Prestamista recibiere un reintegro proveniente de cualquier contratista, proveedor o institución bancaria, o de cualesquiera otras terceras personas relacionadas con el Préstamo, respecto a bienes o servicios financiados con fondos del Préstamo, y tal reintegro se relacione con un precio irrazonable por bienes o servicios, o bienes que no estén de conformidad con las especificaciones, o con servicios que hubieren sido inadecuados, el Prestamista primero aplicará dicho reintegro al costo de bienes y servicios adquiridos para este Proyecto, hasta donde se justifique, aplicando el saldo a las cuotas de Capital en el orden inverso al de su vencimiento, y el monto del Préstamo deberá reducirse en dicho monto.

SECCION 7.07. Gastos de Cobranza. Todos los gastos razonables que incurra el Prestamista fuera de los salarios de su personal, en relación al cobro de cualquier reintegro, o en relación con montos debidos al Prestamista a causa de la ocurrencia de cualquiera de los casos especificados en la Sección 7.02, pueden cargarse al Prestatario y reintegrarse al Prestamista de la forma que el Prestamista lo especifique.

SECCION 7.08. Irrenunciabilidad de Recursos. Ninguna demora u
omisión en el ejercicio de un derecho, poder o recurso que se otorgue
al Prestamista de conformidad con este Convenio será considerada como
una renuncia a tales derechos, poderes o recursos.

ARTICULO VIIIVarios

SECCION 8.01. Comunicaciones. Toda notificación, petición, documento u otra comunicación, dada, hecha, o enviada por el Prestatario o por el Prestamista de conformidad con este Convenio, se efectuará por escrito, o por telegrama, cable o radiograma y se considerará como debidamente dada, hecha o enviada a la parte a la cual esta dirigida cuando fuere entregada a dicha parte por mano, o por correo, telegrama, cable o radiograma en las direcciones siguientes:

AL PRESTATARIO:

Dirección Postal: Ministerio de Educación
Apartado 2440
Panamá 3, República de Panamá

Dirección Cablegrafica: Ministerio de Educación
Panama

AL PRESTAMISTA:

Dirección Postal: Agencia para el Desarrollo
Internacional
Apartado 1099
Panamá 5, República de Panamá

Dirección Cablegrafica: USAID
Embajada Americana
Panama

Otras direcciones pueden substituir las anteriores bajo aviso dado.

Toda notificación, petición, comunicación y documentos presentados al Prestamista deberán ser escritos en idioma Español, excepto lo que el Prestamista y el Prestatario pudieren acordar por escrito.

SECCION 8.02. Representantes. Para todos los efectos de este Convenio, el Prestatario estará representado por la persona que ocupe el puesto de, o actúe como, Ministro de Educación y el Prestamista estará representado por la persona que ocupe el puesto de, o actúe como, Director de la Agencia para el Desarrollo Internacional de los Estados Unidos en Panamá.

Dichas personas estarán autorizadas para nombrar representantes adicionales mediante comunicación escrita. En caso de cualquier reemplazo u otro nombramiento de representantes de acuerdo a lo anterior el Prestatario deberá presentar una declaración con el nombre y muestra de la firma autógrafa del representante, en forma y contenido satisfactorios para el Prestamista. Hasta que el Prestamista reciba notificación por escrito de revocación de la autoridad de cualquiera de los representantes debidamente autorizados del Prestatario, nombrados de conformidad con esta Sección, el Prestamista podrá aceptar la firma de cualesquiera de dichos representante o representantes puesta sobre cualquier documento, como evidencia conclusiva de que cualquier acción ejercida por dicho documento está debidamente autorizada.

SECCION 8.03. Cartas de Ejecución. El Prestamista emitirá cada cierto tiempo Cartas de Ejecución que determinarán los procedimientos aplicables en virtud del presente, en relación con la ejecución de este Convenio. El contenido de estas Cartas no alterarán los términos de este Convenio.

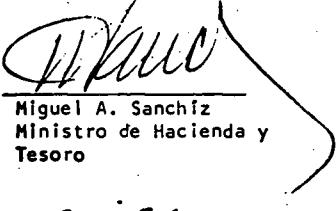
SECCION 8.04. Pagares. En la ocasión u ocasiones en que el Prestamista lo solicite, el Prestatario emitirá pagares u otras evidencias de deuda con respecto al Préstamo, en la forma y términos y con el respaldo de las opiniones legales, que el Prestamista pudiere razonablemente exigir.

SECCION 8.05. Aprobaciones. Los documentos o informes presentados por el Prestatario al Prestamista en relación con este Convenio deberán ser satisfactorios en forma y contenido al Prestatario quien los presenta.

SECCION 8.06. Terminación Bajo Pago Total. Con el pago total del Capital y cualquier interés devengado, este Acuerdo y todas las obligaciones del Prestatario y el Prestamista bajo este Acuerdo de Prestamo terminarán.

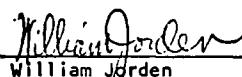
EN TESTIMONIO DE LO ANTERIOR, La República de Panamá y los Estados Unidos de América, a través de sus respectivos representantes debidamente autorizados, han hecho firmar y entregar este Convenio en sus nombres, en el día y fecha señalados en el primer párrafo del mismo en Inglés y Español y el texto en Español se considerará como una traducción del Inglés.

REPUBLICA DE PANAMA:

Por: 
Miguel A. Sánchez
Ministro de Hacienda y
Tesoro

Por: 
Aristides Royo
Ministro de Educación

ESTADOS UNIDOS DE AMERICA:

Por: 
William Jorden
Embajador

Por: 
George Rublee
Director Encargado
Agencia para el Desarrollo
Internacional

TIAS 8647

ANEXO IEL PROYECTO1. El Propósito:

El Proyecto que será conjuntamente financiado por el Prestatario y el Prestamista tiene los siguientes propósitos:

- 1.1 Proveer experiencias de aprendizaje significativas y que sean útiles a los panameños, primordialmente en las áreas rurales en los grados 1-9.
- 1.2 Incrementar la capacidad de los servicios de formación, capacitación y perfeccionamiento de educadores del sistema general de educación.
- 1.3 Capacitar mano de obra de nivel medio en los campos de la industria y la técnica aplicada.
- 1.4 Incrementar la capacidad nacional en la investigación científica.

Este Proyecto es parte del esfuerzo que hace el Gobierno de Panamá para expansión, transformación y reorientación de los programas de educación en todos sus niveles. Está diseñado para contribuir a corregir el desequilibrio que existe en el acceso a la educación entre el grupo rural y el urbano y para hacer posible una educación general, científica y técnica más práctica y vocacionalmente orientada que responda al desarrollo social y económico de Panamá.

2. Descripción:

Dentro de la estructura general del Proyecto, los cuatro subproyectos siguientes serán llevados a cabo:

- 2.1 El Subproyecto I consistirá en la transformación y desarrollo del Subsistema de Educación Básica General como sigue:
- 2.1.1 Se proveerá a la Dirección General de Curriculum y Tecnología Educativa del Ministerio de Educación cooperación técnica, capacitación y apoyo administrativo y logístico para realizar talleres pedagógicos y otras actividades necesarias para el desarrollo del nuevo currículum (planes, programas, libros de textos y otras ayudas educativas) para el Nivel de Educación Básica General, grados 1-9.
- 2.1.2 Se proveerá al Centro de Impresión Educativa del Ministerio de Educación equipo, materiales, papel, cooperación técnica y capacitación para mejorar y acelerar la producción y distribución de materiales didácticos, incluyendo libros, libros de textos, guías para maestros y manuales necesarios para la enseñanza del Subsistema de la Educación Básica General.
- 2.1.3 Se proveerá a la Dirección General de Curriculum y

Tecnología Educativa cooperación técnica, capacitación, libros, materiales y equipo básico de biblioteca para establecer una Biblioteca Especializada de Curriculum.

2.1.4 Se construirán o convertirán mediante remodelación, reconstruyendo y/o adicionando por lo menos 30 escuelas de Ciclo Básico (grados 7-9). Esto consistirá en cambios y/o adiciones de facilidades físicas en la ubicación de cada escuela, de acuerdo con los propósitos y planes del Proyecto.

Se instrumentará adecuadamente a las escuelas construidas o transformadas con mobiliario, equipo y materiales básicos para bibliotecas, aulas, cafeterías, dormitorios, facilidades para economía doméstica, laboratorios, talleres de agricultura y de carpintería, así como transporte y cualesquiera otros materiales o equipo que favorezca el adecuado funcionamiento de las escuelas.

Las escuelas estarán predominantemente en áreas rurales, pero queda acordado que hasta una sexta parte de la suma destinada a construcción o conversión del Programa de Educación Básica General podrá dedicarse a inversión en las escuelas ubicadas en áreas no rurales.

El Gobierno de Panamá o las comunidades locales al

momento de la ejecución de cada uno de los proyectos, proveerán áreas para instalaciones educativas debidamente legalizadas y en las áreas rurales proveerán tierras cultivables que proporcionen la experiencia práctica de aprendizaje y con un objetivo de la producción. En cuanto a las escuelas no rurales patrocinadas por este Proyecto, éstas contarán con los medios de acceso a las facilidades necesarias para que sus alumnos puedan obtener experiencias prácticas de aprendizaje mediante la aplicación de sus conocimientos en el verdadero ambiente de trabajo.

2.2 El Subproyecto 2 consistirá en la transformación del sistema tradicional de formación de educadores en las escuelas normales en un programa de formación, capacitación y perfeccionamiento a través de un Centro de Formación y Desarrollo Educativo como sigue:

2.2.1 Se proveerá a la Dirección General para la Formación y Perfeccionamiento de Educadores del Ministerio de Educación de los recursos para talleres, seminarios, cooperación técnica, capacitación y equipo y materiales indispensables para instrumentar el programa de formación, capacitación y perfeccionamiento de educadores en un

Centro de Formación y Desarrollo Educativo en Santiago de Veraguas. Bajo este Subproyecto se ofrecerá ayuda administrativa, logística y de capacitación para establecer equipos interdisciplinarios que realicen seminarios/talleres para los educadores durante todo el año.

El Centro contará con: (1) personal profesional para la formación y perfeccionamiento de los educadores que incluirá aproximadamente 100 funcionarios administrativos y docentes permanentes y el personal necesario que labore en las asignaciones específicas como instructores para el perfeccionamiento de educadores, durante el período de transformación del sistema (se estima que ésto tomará hasta cinco años); (2) un programa de capacitación con los recursos necesarios para formar, capacitar y perfeccionar anualmente un número aproximado de 2,500 educadores en servicio del Subsistema de Educación Básica General; (3) programas de capacitación de diversos tipos a nuevos educadores del currículum de agricultura y artes industriales y a todos los educadores que enseñan en el sistema educativo pero que no posean el título para enseñar en el Subsistema de Educación Básica General y (4) sistema de evaluación continua de todas las categorías

de educadores, con el fin de determinar la efectividad del Programa de Formación, Capacitación y Perfeccionamiento de Educadores.

- 2.2.2 Se construirán y/o modificarán las instalaciones de formación de educadores en Santiago de Veraguas y se suministrará el equipo indispensable para la constitución del Centro de Formación y Desarrollo Educativo con capacidad para 4,000 alumnos. En adición a las facilidades existentes, el Centro tendrá lo siguiente:
- (1) facilidades de internado hasta para 400 alumnos varones; (2) un taller para la producción de materiales educativos; (3) un centro de experimentación e investigación pedagógica; (4) un taller de impresión con equipo; (5) una biblioteca y centro de documentación; (6) taller de instrumentación agrícola; (7) un taller de producción industrial; (8) un laboratorio para múltiples aplicaciones y equipo indispensable; (9) aulas modificadas; (10) mobiliario, equipo y materiales para biblioteca, laboratorios, talleres, aulas, cafetería, lavandería y dormitorio; y (11) vehículos de transporte.
- 2.2.3 Se construirán instalaciones para talleres, y se suministrará el equipo indispensable hasta para dos pequeños

talleres industriales o generales y otra instalación y equipamiento necesario para la transformación de otro Centro de formación docente en el país.

2.2.4 Se proveerán los recursos indispensables para diversificar y regionalizar los seminarios y talleres pedagógicos que se ofrecerán a los educadores del sistema general de educación del país.

2.3 El Subproyecto 3 consistirá en el desarrollo de un Sistema Nacional Politécnico que contribuya a satisfacer de modo flexible, las cambiantes necesidades de mano de obra técnica del país en los campos de la industria y la técnica aplicada.

2.3.1 Se proveerá al personal politécnico de cooperación técnica y capacitación en tales campos como apreciación de la mano de obra requerida, análisis de rendimiento en el trabajo y programación.

2.3.2 Se brindará al personal administrativo y técnico del Politécnico las oportunidades para llevar a cabo visitas de observación, para asistir a seminarios y talleres en institutos tecnológicos u otras agencias e instituciones.

Este programa se llevará a cabo tanto en Panamá como en otros países, con el fin de desarrollar un programa

técnico-profesional a nivel de técnico medio que satisfaga las necesidades de mano de obra nacional y los requisitos de capacitación para el trabajo.

- 2.3.3 Con el fin de mejorar el planeamiento, la programación, el presupuesto y los sistemas de evaluación del Politécnico, se proveerá al mismo de cooperación técnica y capacitación, incluyendo talleres y seminarios para el diseño, desarrollo, administración y evaluación de sistemas de enseñanza para desarrollar un plan organizacional y definir métodos administrativos y de funcionamiento de manera que ésta sea una institución susceptible a renovación y adaptación a condiciones cambiantes.
- 2.3.4 Se proveerá al profesorado del Politécnico de cooperación técnica y de capacitación, mediante talleres, seminarios y otras actividades adecuadas para la enseñanza en los campos prioritarios de la industria y la técnica aplicada, y para reformar los cursos actuales, de acuerdo con los principios de educación basados en la idoneidad, adaptando, cuando se considere apropiado, material impreso y de otros tipos.
- 2.3.5 Se proveerá al Politécnico de cooperación técnica y de otros recursos para el diseño y uso eficaz de talleres

pedagógicos y para la implementación adecuada de la enseñanza industrial.

- 2.3.6 Para desarrollar e introducir un programa funcional de capacitación de personal docente se proveerá al Politécnico de cooperación técnica y adiestramiento a corto y a largo plazo, incluyendo talleres y seminarios para:
- (1) la organización y capacitación de personal; (2) el desarrollo de un programa de adiestramiento; (3) la evaluación de currículum; (4) el diseño de programas para mejorar la calidad de los educadores en servicio; (5) la orientación profesional, y (6) el desarrollo de un sistema de ayuda a los egresados para su colocación y de seguimiento para obtener información sobre los resultados experimentados.
- 2.3.7 Se construirán y/o podrán modificarse las instalaciones del Centro Sede del Politécnico en la Ciudad de Panamá y de su extensión en otra área del país, con la flexibilidad necesaria para extender y regionalizar su campo de actividad de acuerdo con las cambiantes necesidades sociales, industriales y tecnológicas del país.
- 2.3.8 Se proveerá el mobiliario indispensable, material educativo, y equipo especializado para aulas, laboratorios y talleres de este Subproyecto.

- 2.4 El Subproyecto 4 consistirá en el establecimiento de un Centro para el Desarrollo de la Capacidad Nacional en la Investigación, como sigue:
- 2.4.1 Se establecerá con la Universidad de Panamá un Centro para el Desarrollo de la Capacidad Nacional en la Investigación que tendrá la responsabilidad de llevar a cabo proyectos de investigación aplicada para las agencias del gobierno y del sector privado. Se dará preferencia a aquellos programas que redunden en beneficio del desarrollo del país. El Ministerio de Educación en las actividades de investigación, desarrollo y evaluación con el fin de mejorar la eficiencia y efectividad de sus programas, convendrá con el Centro los mecanismos necesarios para la utilización de los servicios del mismo.
- 2.4.2 Se proveerá cooperación técnica y capacitación incluyendo seminarios y visitas de observación, con el fin de desarrollar las capacidades del Centro para el diseño de investigaciones, la ejecución de técnicas analíticas, la administración y la dirección, ejecución y evaluación de proyectos.
- 2.4.3 Se suministrará al Centro los recursos para documentación técnica y científica incluyendo equipo y mobiliario

especializado indispensable.

- 2.4.4 Se proveerá al (CEDECANI) de los fondos para cubrir los costos iniciales de operación de modo que el mismo pueda obtener ingresos por los servicios que preste a los sectores públicos y privados para cubrir los costos de operación.
- 2.4.5 Se proveerá al Ministerio de Educación, a través de la Dirección Nacional de Planeamiento y Reforma Educativa, de los fondos para las actividades de investigación y evaluación que desee llevar a cabo y cubrir los costos para desarrollar nuevos proyectos innovadores o experimentales.
- 2.4.6 Una suma no menor de cincuenta mil balboas de los fondos suministrados al Ministerio de Educación bajo este préstamo se reservará para la evaluación del Proyecto.

3. Administración del Proyecto:

La administración de este Proyecto quedará dentro de la estructura regular de operaciones del Ministerio de Educación, como sigue:

- 3.1 La Dirección Nacional de Planeamiento y Reforma Educativa tendrá la responsabilidad primordial del planeamiento y programación de los aportes del Préstamo y de la contra-

- partida del Gobierno de Panamá, y de asegurar la rápida ejecución y evaluación por los departamentos responsables del Ministerio.
- 3.2 El control fiscal, contabilidad, auditoría y las funciones administrativas estarán bajo la responsabilidad de la Dirección Nacional de Administración y Finanzas del Ministerio de Educación, cuyo Jefe será el Administrador del Proyecto.
- 3.3 El Ministro de Educación será el responsable de la ejecución total del Proyecto, y designará la Coordinación del mismo integrada a la Dirección Nacional de Administración y Finanzas, cuyas funciones incluirán la coordinación de las actividades del Proyecto con cada una de las oficinas del Ministerio y aquellas otras que estén ligadas a la ejecución del mismo.
- 3.4 El Ministro de Educación nombrará y presidirá un Comité de Ejecución del Proyecto que incluirá representantes de cada oficina del Ministerio de Educación responsables de programas afines a este Proyecto, así como de otras instituciones del Gobierno de Panamá que estén directamente ligadas a la naturaleza y ejecución del mismo.
- Este Comité será responsable de la coordinación de los

- elementos relativos al Proyecto con el programa puesto para ser financiado por el Banco Interamericano de Desarrollo (BID) y con otros programas afines, financiados por otros organismos o instituciones.
- 3.5 Este Proyecto podrá proporcionar cooperación técnica y capacitación del personal a cargo del Proyecto en administración, planificación y evaluación de Proyectos y Programas. Los fondos para estos fines se podrán obtener de los presupuestos para cooperación técnica y capacitación de los Subproyectos.

4. Plan Financiero:

El costo del Proyecto será financiado como sigue:

	<u>Prestamista</u> (en miles de \$/B.)	<u>Presta-</u> <u>tario</u>	<u>TOTAL</u>
I. Educación Básica General (Grados 1-9)			
A. Terrenos/Derechos de Propiedad	---	550	550
B. Instalaciones Físicas			
(1) Construcción/Modificación	3,400	2,250	5,650
(2) Servicios de Arquitectura e Ingeniería	200	400	600
(3) Equipamiento, Mobiliario, Equipo y Materiales Educativos	2,535	1,150	3,685
(4) Mantenimiento	---	150	150
C. Cooperación Técnica y Capacitación	300	35	335
D. Contribución de la Comunidad	---	1,250	1,250
E. Apoyo Administrativo y Logístico	---	110	110
Total.....	6,435	5,895	12,330
II. Centro de Formación y Desarrollo Educativo			
A. Terrenos/Derechos de Propiedad	---	120	120
B. Instalaciones Físicas			
(1) Construcción/Modificación	520	320	840
(2) Servicios de Arquitectura e Ingeniería	---	100	100
(3) Equipamiento, Mobiliario, Equipo y Materiales Educativos	650	240	890
C. Cooperación Técnica y Capacitación	590	310	900
D. Apoyo Administrativo y Logístico	---	110	110
Total.....	1,760	1,200	2,960

	<u>Prestamista</u>	<u>Presta-</u> <u>tario</u> (En miles de \$/B.)	<u>TOTAL</u>
III. Sistema Nacional Politécnico			
A. Terrenos/Derechos de Propiedad	---	440	440
B. Instalaciones Físicas			
(1) Construcción/Modificación	1,150	730	1,880
(2) Servicios de Arquitectura e Ingeniería	---	80	80
(3) Equipamiento, Mobiliario, Equipo y Materiales Educativos	680	420	1,100
C. Cooperación Técnica y Capacitación	<u>550</u>	<u>220</u>	<u>770</u>
Total.....	2,380	1,890	4,270
IV. Centro para el Desarrollo de la Capacidad Nacional en la Investigación (CEDECANI)			
A. Mobiliario, Equipo y Materiales Didácticos	25	15	40
B. Costos Iniciales de Operación	90	---	90
C. Fondo para la Investigación y la Evaluación (MinEd)	300	80	380
D. Cooperación Técnica y Capacitación	10	75	85
E. Apoyo Administrativo y Logístico	<u>---</u>	<u>135</u>	<u>135</u>
Total.....	<u>425</u>	<u>305</u>	<u>730</u>
Gran Total.....	<u>11,000</u>	<u>9,290</u>	<u>20,290</u>
Porcentajes.....	<u>54.2</u>	<u>45.8</u>	<u>100</u>

CANADA
Reciprocal Fisheries

*Agreement signed at Washington February 24, 1977;
Entered into force July 26, 1977.*

**RECIPROCAL FISHERIES AGREEMENT BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF CANADA**

The Government of the United States of America and the Government of Canada,

CONSIDERING that both governments have extended their exclusive fishery jurisdiction to 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, and considering their common approach to anadromous species;

RECALLING their cooperative fisheries relationship under the Agreement on Reciprocal Fishing Privileges in Certain Areas Off the Coasts of the United States and Canada, signed at Ottawa June 15, 1973 (the 1973 Agreement), and the subsequent extensions of that Agreement;[¹]

NOTING Canadian Order-in-Council P.C. 1977-1, and the preamble thereto, as published in the Canada Gazette on November 1, 1976, and enacted on January 1, 1977, respecting certain fishing zones of Canada under the Territorial Sea and Fishing Zones Act and the limits thereof;

NOTING further the statement of the Government of the United States of America published in the Federal Register on November 4, 1976, respecting certain limits of the fishery conservation zone of the United States under the Fishery Conservation and Management Act of 1976;[²]

RECALLING that continuing consultations between the two governments have been in progress since early 1976 with respect to the limits of maritime jurisdiction in areas off their coasts;

DESIRING to facilitate future negotiations toward a comprehensive framework for their fisheries relations, including an agreement on Pacific salmon problems of mutual concern;

CONSIDERING that, without prejudice to any positions which have been or may be taken by either government with respect to the

¹ TIAS 7676, 8251; 24 UST 1729; 27 UST 1365.

² 90 Stat. 331; 16 U.S.C. § 1801 note.

limits of maritime jurisdiction, certain interim arrangements are necessary in order to permit continued fishing by the fishermen of each country off the coasts of the other, and to ensure harmony in measures taken by the governments of the two countries in the boundary regions;

Have agreed as follows:

ARTICLE I

1. Except as otherwise provided, this Agreement applies to the waters described in paragraph one of the 1973 Agreement, and to all waters seaward thereof which are under the fishery jurisdiction of either party. For the purposes of this Agreement, such waters shall hereinafter be referred to as the "zones" of the two parties.

2. Any reference in this Agreement to allocations and catch levels shall be construed to refer to quantities of fish caught during the entire 1977 calendar year.

ARTICLE II

1. The United States agrees to permit fishing within its zone by nationals and vessels of Canada in accordance with the provisions of this Agreement.

2. Canada agrees to permit fishing within its zone by nationals and vessels of the United States in accordance with the provisions of this Agreement.

3. Fishing by nationals and vessels of each party in the zone of the other shall continue in accordance with existing patterns, with no expansion of effort nor initiation of new fisheries.

4. On the Atlantic Coast, the reciprocal fishing privileges under this Agreement shall not extend to any directed fishery for any species of clam, crab, lobster or shrimp.

5. On the Pacific Coast, the reciprocal fishing privileges under this Agreement shall not extend to any directed fishery for any species of clam, scallop, crab or herring.

ARTICLE III

1. On the Atlantic Coast, fishing by United States nationals and vessels in the Canadian zone for those stocks included in the 1977 United States allocations agreed ad referendum at the Annual and Special Meetings of ICNAF held in 1976, shall cease when those allocations have been taken.

2. On the Atlantic Coast, fishing by Canadian nationals and vessels in the United States zone for those stocks included in the 1977 Canadian allocations agreed ad referendum at the Annual and Special Meetings of ICNAF held in 1976, shall cease when those allocations have been taken.

3. Fishing for herring by nationals and vessels of one party in the zone of the other shall be conducted only in the area beyond 12 nautical miles from the coast.

ARTICLE IV

1. On the Pacific Coast, fishing by United States nationals and vessels in the Canadian zone for the following stocks shall cease when the following aggregate catches by United States and Canadian fishermen have been taken:

- a. rockfishes, including Pacific Ocean perch:
 - i. 6700 metric tons in and off Queen Charlotte Sound;
 - ii. 1400 metric tons in Pacific Marine Fisheries Commission Groundfish Statistical Areas 3C and 3D.
- b. black cod; 1750 metric tons.

Directed fisheries for black cod by United States nationals and vessels within 12 nautical miles of the Canadian coast shall be limited to the area off the west coast of Vancouver Island between lines projected southwest (225 degrees true) from Estevan Point and Cape Scott respectively.

2. On the Pacific Coast, fishing by Canadian nationals and vessels in the United States zone for the following stocks shall cease when the following catches have been taken:

- a. rockfishes, including Pacific Ocean perch, when a 1400 metric tons aggregate catch level has been taken by United States and Canadian fishermen in Pacific Marine Fisheries Commission Groundfish Statistical Areas 3C and 3D.
- b. black cod, when Canadian nationals and vessels have taken a catch of 33,000 pounds.

Directed fisheries for black cod by Canadian nationals and vessels within 12 nautical miles of the United States coast shall be limited to the area off the west coast of Alaska between lines projected southwest (225 degrees true) from Cape Ommaney and Cape Bingham respectively during the open seasons specified for fishing for black cod in the adjacent territorial sea.

3. Fishing by longline for halibut by fishermen of each party shall continue in the zone of the other in accordance with approved recommendations and regulations of the International Pacific Halibut Commission.

4. On the Pacific Coast, fishing for shrimp by United States nationals and vessels in the Canadian zone shall be limited to the Tofino Grounds off the west coast of Vancouver Island beyond 12 nautical miles, and shall cease when United States nationals and vessels have taken a catch of 750 metric tons, subject to possible revision in the light of a review of scientific information to be conducted by the Canadian authorities in the course of 1977.

ARTICLE V

1. On the Pacific Coast, there shall be no fishing for salmon by nationals and vessels of either party in the zone of the other, except salmon taken by trolling beyond 12 nautical miles of the coast and

salmon taken by trolling between 3 and 12 nautical miles in the area west of a line joining Bonilla Point and Tatoosh Island; north of a line projected due west from Carroll Island (latitude 48 degrees 00.3 minutes North, longitude 124 degrees 43.3 minutes West) and south of a line projected from Bonilla Point to latitude 48 degrees 29.7 minutes North, longitude 125 degrees 00.7 minutes West.

2. Each party shall have the right to limit such fishing for salmon in its zone by nationals and vessels of the other to the same time periods as its nationals and vessels are permitted such fishing for salmon in the zone of the other.

ARTICLE VI

The two parties recognize the desirability of coordinating their regulations for certain salmon fisheries and agree as follows:

1. The appropriate fishery management authorities of the two countries shall consult frequently with a view to coordinating the regulatory measures to be applied by them to the fisheries for coho and chum salmon in British Columbia Statistical Area 20 and Statistical Areas 7A, 7, 6A, 6, 6C, 5 and 4B of the Washington State Department of Fisheries;

2. With respect to the chinook salmon fishery in the portion of Washington State Statistical Area 7A bounded on the north by the international boundary, on the east by the low-water line bordering the western and southern shores of Point Roberts peninsula, on the south by a line projected from Lily Point to Georgina Point on Mayne Island between Lily Point and its point of intersection with the boundary line, and on the west by the international boundary and, with respect to the chinook salmon fishery in British Columbia Statistical Area 29, the appropriate fisheries officials of the two countries shall consult for the purpose of coordinating regulations regarding the open fishing days for the two specified areas. The Canadian officials, when designating the open fishing days for the specified Canadian area, shall give appropriate weight to the needs and interests expressed by the United States officials. The United States officials shall, to the extent consistent with the needs of the United States fishery, designate the same open fishing days for the specified United States area as are designated for the specified Canadian area and shall, in any case, designate the same number of open fishing days as designated for the specified Canadian area;

3. With respect to the chum salmon fishery in the section of Washington State Statistical Area 7A westward of Point Roberts peninsula, bounded on the north by the international boundary, on the east by the low-water line of Point Roberts peninsula, and by a line projected from Iverson Dock (Point Roberts) to Turning Point No. 1 of the boundary line in latitude 49 degrees 00 minutes 08.87 seconds North and longitude 123 degrees 19 minutes 17.18 seconds West, and with respect to the chum salmon fishery in British Columbia Statistical Area 29, the appropriate fisheries officials of the two countries shall

consult for the purpose of coordinating regulations regarding the open fishing days for the two specified areas. The following provisions shall be applicable from a date agreed by the appropriate fisheries officials of the two countries, which date shall be no earlier than the fifth and no later than the fifteenth of October:

- a. the Canadian officials, when designating the open fishing days for the specified Canadian area, shall give appropriate weight to the needs and interests expressed by the United States officials; and
- b. the United States officials shall designate the same open fishing days for the specific United States area as are set for the specified Canadian area.

ARTICLE VII

Notwithstanding any other provision of this Agreement and without prejudice to the positions of either party, tuna fishing will continue off the coasts of each party, and, where applicable, under appropriate regulations implementing agreed international recommendations. Both parties agree to exchange information concerning their catch of tuna off the coast of the other party in order to develop and expand the scientific basis for international cooperation in conservation matters.

ARTICLE VIII

1. The two parties recognize that each shall manage fisheries within its jurisdiction within the terms of its domestic laws. They agree that in the application of their domestic laws they shall be guided by the following principles:

- a. preserving existing patterns of their reciprocal fisheries in keeping with the provisions of Article II; and
- b. in the case of reciprocal salmon fisheries, the interest of the state of origin in salmon spawned in its rivers.

2. Regulations affecting the size limits, seasons, areas, gear, and bycatch of existing fisheries established by the management entities of either party and pertaining to the taking or possession of fish in its zone shall apply equally to the nationals and vessels of both parties in the zone. In areas of the Canadian zone within 12 nautical miles in which Canadian domestic regulation at present prohibits trawl fishing by vessels exceeding 65 feet in length, such regulation shall also apply to United States vessels. These regulations shall be enforced by the government which issued them.

3. If either party proposes to introduce or alter any such regulations during the term of this Agreement, it shall notify the other party of the proposed regulatory measure as far in advance of its application as possible. At the request of either party, consultations shall be held expeditiously in order to review the proposed measure. In such consultations the parties shall be guided by the principles referred to in paragraph 1 above. Consultations on regulations respecting re-

ciprocal salmon fisheries shall take place at the technical and official levels during the process of preparing such regulations, and, prior to their final approval and application, at the Secretarial or Ministerial level upon request of either party.

4. Fishery conservation and management regulations other than those referred to in paragraph 2 above and those required for the implementation of this Agreement, shall not be applied by either party to vessels and nationals of the other fishing in its zone pursuant to this Agreement.

ARTICLE IX

In the boundary regions, the following principles shall be applied as interim measures of mutual restraint pending the resolution of questions pertaining to the delimitation of areas subject to the respective fishery jurisdiction of each party:

1. As between the parties, enforcement shall be conducted by the flag State.
2. Neither party shall authorize fishing by vessels of third parties in the boundary regions.
3. Either party may enforce against third parties in the boundary regions.

ARTICLE X

Each party, subject to its domestic laws, will continue to permit transfers of herring between nationals and vessels of the two parties in its zone. The parties agree that the principal purpose of this provision is to enable the continuation of transfers of herring intended for purposes other than reduction.

ARTICLE XI

Each party agrees to waive for nationals and vessels of the other party fishing in its zone pursuant to this Agreement, permit and licensing requirements set forth in the respective domestic fishery laws of each country as applicable to foreign fishermen, provided that each vessel shall be clearly and conspicuously marked to indicate its name, nationality and home port.

ARTICLE XII

1. Recreational fishing by vessels of each party in all waters of the other shall continue.

2. Recreational fishing under this Agreement shall be conducted in accordance with applicable regulations and permit and licensing requirements imposed by the competent state, provincial and federal authorities, except that requirements for permits and licenses under the Fishery Conservation and Management Act of 1976, in the case of the United States, and the Coastal Fisheries Protection Act, in the case of Canada, shall be waived.

ARTICLE XIII

The two parties agree to exchange appropriate fishery statistics on a timely and regular basis where necessary to permit an accurate determination to be made of the time at which an allocation or catch level referred to in this Agreement is reached, and otherwise to ensure the effective implementation of this Agreement.

ARTICLE XIV

Each party shall allow access to its customs ports for nationals and vessels of the other party for the purposes of purchasing bait, supplies, outfits, fuel, and effecting repairs, unless more favorable access provisions are provided in other agreements in force between the two parties. Access under this provision is subject to general requirements regarding advance notice of port entry, availability of facilities, and the needs of domestic fishermen and flag vessels.

ARTICLE XV

The two parties agree that cooperative fishery research and the exchange of fishery biological data and statistical information through existing institutional arrangements should continue and, where appropriate, be expanded.

ARTICLE XVI

The two parties undertake to consult as necessary to ensure the harmonious implementation of this Agreement.

ARTICLE XVII

Nothing in this Agreement shall be construed to affect or prejudice any position or claim which has been or may subsequently be adopted by either party in the course of consultations, negotiations or third party settlement procedures respecting the maritime jurisdiction, including the limits thereof, of Canada or of the United States of America.

Nothing in this Agreement shall be construed to prejudice any current or future fishery negotiations between the two parties.

Nothing in the present Agreement shall affect either bilateral or multilateral agreements to which either government is a party.

ARTICLE XVIII

1. This Agreement shall enter into force following the completion of the internal procedures of both parties. Each party shall notify the other when it has completed such internal procedures necessary to bring this Agreement into force. This Agreement shall enter into force on the date of the later of these two notifications.^[1]

2. This Agreement shall terminate on December 31, 1977.

3. The 1973 Agreement shall be superceded upon the entry into force of this Agreement.

¹ July 26, 1977.

ACCORD DE PECHE RECIPROQUE ENTRE LE GOUVERNEMENT DES ETATS-UNIS D'AMERIQUE ET LE GOUVERNEMENT DU CANADA

Le Gouvernement des Etats-Unis d'Amérique et le Gouvernement du Canada,

CONSIDERANT que les deux Gouvernements ont étendu leur juridiction exclusive sur les pêches jusqu'à 200 milles marins mesurés à partir des lignes de base servant à mesurer la largeur de la mer territoriale, et considérant leur vue commune sur les espèces anadromes;

RAPPELANT leur coopération en matière de pêche en vertu de l'Accord entre le Gouvernement des Etats-Unis d'Amérique et le Gouvernement du Canada relativement aux priviléges réciproques de pêche dans certaines régions sises au large de leurs côtes, signé à Ottawa le 15 juin 1973 (l'Accord de 1973), ainsi que les prorogations ultérieures dudit Accord;

PRENANT NOTE du décret du conseil C.P. 1977-1 du Canada et de son préambule relativement à certaines zones de pêche du Canada définies en vertu de la Loi sur la mer territoriale et les zones de pêche ainsi qu'à leurs limites, ledit décret ayant été publié le 1er novembre 1976 dans la Gazette du Canada et entré en vigueur le 1er janvier 1977;

PRENANT NOTE en outre de la déclaration du Gouvernement des Etats-Unis Amérique publiée le 4 novembre 1976 dans le Federal Register concernant certaines limites de la zone de conservation des pêches des Etats-Unis, définie aux termes du Fishery Conservation and Management Act de 1976;

RAPPELANT que les deux Gouvernements poursuivent leurs consultations depuis le début de 1976 sur la question des limites de la juridiction maritime dans les régions sises au large de leurs côtes;

DESIRANT faciliter leurs négociations futures en vue de l'établissement du cadre global de leurs relations en matière de pêche, y compris un accord relatif à leurs préoccupations communes en ce qui concerne le saumon du Pacifique;

CONSIDERANT que, sans préjudice de toute position que l'un ou l'autre Gouvernement a adopté ou pourra adopter en ce qui a trait aux limites de la juridiction maritime, certains arrangements provisoires sont nécessaires pour permettre aux pêcheurs de chaque pays de poursuivre leurs activités de pêche au large des côtes de l'autre pays, et d'assurer la compatibilité des mesures prises par les Gouvernements des deux pays dans les régions frontières;

Sont convenus de ce qui suit:

ARTICLE I

1. Sauf disposition contraire, le présent Accord porte sur les eaux décrites au paragraphe (1) de l'Accord de 1973, et sur toutes les eaux s'étendant au large de celles-ci et se trouvant sous la juridiction des

pêches de l'une ou l'autre partie. Aux fins du présent Accord, ces eaux sont appelées ci-dessous les "zones" des deux parties.

2. Toute mention dans le présent Accord des contingents ou des niveaux de captures sera interprétée comme se rapportant aux quantités de poisson pris au cours de l'année civile 1977.

ARTICLE II

1. Les Etats-Unis acceptent de permettre aux ressortissants et navires du Canada de pêcher dans leur zone conformément aux dispositions du présent Accord.

2. Le Canada accepte de permettre aux ressortissants et navires des Etats-Unis de pêcher dans sa zone conformément aux dispositions du présent Accord.

3. Les ressortissants et navires de chacune des deux parties poursuivront leurs activités de pêche dans la zone de l'autre partie conformément aux structures établies de la pêche, en évitant toute expansion de l'effort et tout établissement de nouvelles pêches.

4. Sur la côte de l'Atlantique, les priviléges réciproques de pêche accordés en vertu du présent Accord ne s'étendent à aucune pêche visant quelque espèce que ce soit de clams, de crabes, de homards ou de crevettes.

5. Sur la côte du Pacifique, les priviléges réciproques de pêche accordés en vertu du présent Accord ne s'étendent à aucune pêche visant quelque espèce que ce soit de clams, de pétoncles, de crabes ou de harengs.

ARTICLE III

1. Sur la côte de l'Atlantique, les ressortissants et navires des Etats-Unis cesseront dans la zone canadienne de pêcher les stocks compris dans les contingents alloués par entente ad referendum aux Etats-Unis pour l'année 1977 lors des réunions annuelle et extraordinaire de l'ICNAF en 1976, lorsque ces contingents auront été atteints.

2. Sur la côte de l'Atlantique, les ressortissants et navires du Canada cesseront dans la zone des Etats-Unis de pêcher les stocks compris dans les contingents alloués par entente ad referendum au Canada pour l'année 1977 lors des réunions annuelle et extraordinaire de l'ICNAF en 1976, lorsque ces contingents auront été atteints.

3. Les ressortissants et navires de chaque partie ne pêcheront le hareng dans la zone de l'autre partie que dans la région s'étendant au-delà des 12 milles marins mesurés à partir de la côte.

ARTICLE IV

1. Sur la côte du Pacifique, les ressortissants et navires des Etats-Unis cesseront dans la zone canadienne de pêcher les stocks mentionnés ci-dessous lorsque le total des captures suivantes des pêcheurs des Etats-Unis et du Canada aura atteint:

a. pour les scorpènes, y compris le sébaste du Pacifique;

i. 6 700 tonnes métriques à l'intérieur et au large du bassin Reine-Charlotte;

ii. 1 400 tonnes métriques dans les régions statistiques 3C et 3D de la Pacific Marine Fisheries Commission pour les poissons de fond;

b. pour la morue charbonnière, 1 750 tonnes métriques.

Les pêches visant la morue charbonnière effectuées par les ressortissants et navires des Etats-Unis en deçà des 12 milles meurés à partir de la côte canadienne se limiteront à la région s'étendant au large de la côte ouest de l'île de Vancouver, entre des lignes tirées vers le sud-ouest (225 degrés vrai) de la pointe Estevan et du cap Scott respectivement.

2. Sur la côte du Pacifique, les ressortissants et navires canadiens cesseront dans la zone des Etats-Unis de pêcher les stocks mentionnés ci-dessous lorsque les captures suivantes auront été atteintes:

- a. pour les scorpènes, y compris le sébaste du Pacifique, lorsque le niveau du total des captures des pêcheurs des Etats-Unis et du Canada aura atteint 1 400 tonnes métriques dans les régions statistiques 3C et 3D de la Pacific Marine Fisheries Commission pour les poissons de fond;
- b. pour la morue charbonnière, lorsque les captures des ressortissants et navires canadiens auront atteint 33 000 livres.

Les pêches visant la morue charbonnière effectuées par les ressortissants et navires canadiens en deçà des 12 milles marins mesurés à partir de la côte des Etats-Unis se limiteront à la région s'étendant au large de la côte ouest de l'Alaska, entre des lignes tirées vers le sud-ouest (225 degrés vrai) du cap Ommaney et du cap Bingham respectivement durant les saisons où la pêche à la morue charbonnière est ouverte dans la mer territoriale adjacente.

3. Les pêcheurs de chaque partie poursuivront la pêche au flétan à la palangre dans la zone de l'autre partie conformément aux recommandations et règlements approuvés de la Commission internationale du flétan du Pacifique.

4. Sur la côte du Pacifique, la pêche à la crevette dans la zone canadienne par les ressortissants et navires des Etats-Unis se limitera aux Pêcheries de Tofino au large de la côte ouest de l'île de Vancouver au-delà des 12 milles marins, et prendra fin lorsque les captures des ressortissants et navires des Etats-Unis auront atteint 750 tonnes métriques, sous réserve des modifications qui pourraient survenir à la lumière de la révision des données scientifiques qu'effectueront les autorités canadiennes au cours de l'année 1977.

ARTICLE V

1. Sur la côte du Pacifique, les ressortissants et navires de chaque partie ne pêcheront pas le saumon dans la zone de l'autre partie, sauf pour ce qui est du saumon pris à la ligne traînante au-delà des 12 milles marins mesurés à partir de la côte, et du saumon pris à la ligne traînante entre 3 et 12 milles marins mesurés à partir de la

côte dans la région s'étendant à l'ouest d'une ligne tirée de la pointe Bonilla à l'île Tatoosh; au nord d'une ligne tirée droit vers l'ouest à partir de l'île Carroll (48 degrés 00.3 minute de latitude nord et 124 degrés 43.3 minutes de longitude ouest) et au sud d'une ligne tirée de la pointe Bonilla au point de latitude nord 48 degrés 29.7 minutes et de longitude ouest 125 degrés 00.7 minute.

2. Chaque partie aura le droit de limiter cette pêche au saumon dans sa zone par les ressortissants et navires de l'autre partie aux mêmes périodes d'ouverture de la pêche au saumon que celles accordées à ses ressortissants et navires dans la zone de l'autre partie.

ARTICLE VI

Les deux parties reconnaissent qu'il est souhaitable de coordonner leurs règlements à l'égard de certaines pêches au saumon et conviennent de ce qui suit:

1. Les autorités appropriées de la gestion des pêches des deux pays se consulteront fréquemment en vue de coordonner les mesures de réglementation qu'elles appliqueront à la pêche au saumon coho et au saumon-chien dans la région statistique 20 de la Colombie-Britannique et dans les régions statistiques 7A, 7, 6A, 6, 6C, 5 et 4B du ministère de la Pêche de l'Etat de Washington.

2. Les autorités appropriées des pêches des deux pays se consulteront dans le but de coordonner les règlements concernant les jours de pêches ouvrables à l'égard de la pêche du saumon quinnat dans la portion de la région statistique 7A de l'Etat de Washington délimitée au nord par la frontière internationale, à l'est par la laisse de basse mer des rivages sud et ouest de la péninsule de Point Roberts, au sud par une ligne tirée de la pointe Lily à la pointe Georgina sur l'île Mayne entre la pointe Lily et le point d'intersection de cette ligne avec celle de la frontière et, à l'ouest, par la frontière internationale; et, à l'égard de la pêche du saumon quinnat dans la région statistique 29 de la Colombie-Britannique. Les autorités canadiennes, lorsqu'elles désigneront les jours de pêche ouvrables dans la région canadienne précitée, tiendront dûment compte des besoins et intérêts exprimés par les autorités des Etats-Unis. Dans la mesure où ce sera compatible avec les besoins des pêches des Etats-Unis, les autorités des Etats-Unis désigneront, pour la région de pêche des Etats-Unis précitée, les mêmes jours de pêche ouvrables que ceux qui ont été désignés pour la région canadienne précitée et désigneront, de toute manière, le même nombre de jours de pêche ouvrables que le nombre désigné pour la région de pêche canadienne précitée;

3. Les autorités appropriées des pêches des deux pays se consulteront dans le but de coordonner les règlements concernant les jours de pêche ouvrables à l'égard de la pêche du saumon-chien dans le secteur de la région statistique 7A de l'Etat de Washington à l'ouest de la péninsule de Point Roberts, délimitée au nord par la frontière internationale, à l'est par la laisse de basse-mer de la péninsule de Point Roberts et par une ligne tirée de Iverson Dock (Point

Roberts) au Point n° 1 de la frontière à 49 degrés 00 minute 08.87 secondes de latitude nord et 123 degrés 19 minutes 17.18 secondes de longitude ouest; et, à l'égard de la pêche du saumonchien dans la région statistique 29 de la Colombie-Britannique. Les dispositions suivantes entreront en vigueur à compter d'une date convenue par les autorités appropriées des pêches des deux pays, mais pas avant le cinquième jour et pas après le quinzième jour d'octobre;

- (i) les autorités canadiennes, lorsqu'elles désigneront les jours de pêche ouvrables dans la région canadienne précitée, tiendront dûment compte des besoins et intérêts esprimés par les autorités des Etats-Unis;
- (ii) les autorités des Etats-Unis désigneront les mêmes jours de pêche ouvrables pour la région des Etats-Unis précitée que ceux qui seront désignés pour la région canadienne précitée.

ARTICLE VII

Nonobstant toute autre disposition du présent Accord et sans préjudice des positions de l'une ou l'autre partie, la pêche au thon se poursuivra au large des côtes des deux parties, conformément le cas échéant aux règlements appropriés visant la mise en application de recommandations internationales reconnues. Chaque partie accepte d'échanger des renseignements relatifs à ses prises de thon au large des côtes de l'autre partie afin d'établir et d'élargir le fondement scientifique de la coopération internationale en matière de conservation.

ARTICLE VIII

1. Les deux parties reconnaissent que chacune d'entre elles gère les pêches sous sa juridiction conformément aux dispositions de ses lois nationales. Elles conviennent de s'inspirer des principes suivants aux fins de la mise en application de leurs lois nationales;

- a. le maintien des structures établies de leurs pêches soumises au régime de réciprocité, conformément aux dispositions de l'article II; et
 - b. dans le cas des pêches au saumon soumises au régime de réciprocité, la prise en considération des intérêts de l'Etat d'origine concernant le saumon originaire de ses rivières.
2. Les règlements relatifs à la taille des prises, aux saisons, aux régions, aux engins et aux prises accidentnelles de pêches actuelles, édictés par les organismes de gestion de l'une ou l'autre partie et régissant la capture ou la possession de poisson dans sa propre zone s'appliqueront avec une égale rigueur aux ressortissants et navires des deux parties dans cette zone. Dans les régions de la zone canadienne en deçà des 12 milles marins dans lesquelles les règlements canadiens interdisent actuellement la pêche au chalut par des navires de plus de 65 pieds de longueur, lesdits règlements s'appliqueront également aux navires des Etats-Unis. Ces règlements seront appliqués par le Gouvernement qui les aura édictés.

3. Si l'une ou l'autre partie se propose d'adopter ou de modifier un de ces règlements pendant la durée du présent Accord, elle donnera avis à l'autre partie de la mesure réglementaire envisagée aussitôt que possible avant sa mise en application. A la demande de l'une ou l'autre d'entre elles, les parties se consulteront sans délai afin d'examiner la mesure proposée en s'inspirant des principes dont il est fait état dans le paragraphe 1 ci-dessus. Les consultations quant aux règlements sur les pêches au saumon soumises au régime de réciprocité auront lieu aux niveaux technique et officiel pendant la préparation desdits règlements et, avant leur adoption finale et leur mise en application, au niveau des secrétaires d'Etat et des ministres à la demande de l'une des parties.

4. L'une ou l'autre partie ne pourra soumettre à des règlements de conservation et de gestion des pêches autres que ceux énoncés au paragraphe 2 ci-dessus, ou ceux nécessaires à la mise en application du présent Accord, les navires et ressortissants de l'autre partie pêchant dans sa zone conformément aux dispositions du présent Accord.

ARTICLE IX

Dans les régions frontières, les principes suivants de tolérances mutuelles seront observés à titre de mesures provisoires en attendant le règlement des questions relatives à la délimitation des régions soumises à la juridiction respective des deux parties en matière de pêche:

1. Entre les deux parties, le pouvoir de police sera exercé par l'Etat du pavillon.
2. Aucune des deux parties n'autorisera la pêche par des navires des Etats tiers dans les régions frontières.
3. L'une ou l'autre partie pourra exercer le pouvoir de police à l'égard des Etats tiers dans les régions frontières.

ARTICLE X

Sous réserve de ses lois nationales, chacune des deux parties continuera à permettre dans sa zone les transbordements de harengs entre ressortissants et navires des deux parties. Les parties conviennent que le but principal de cette disposition est de permettre la continuation des transbordements de harengs destinés à d'autres fins que la réduction.

ARTICLE XI

Chacune des deux parties accepte de renoncer, à l'égard des ressortissants et navires de l'autre partie pêchant dans sa zone conformément aux dispositions du présent Accord, aux exigences en matière de permis et de licences imposées aux pêcheurs étrangers en vertu de leurs lois nationales respectives en matière de pêche, à la condition que chaque navire porte une inscription claire et bien en vue indiquant son nom, sa nationalité et son port d'attache.

ARTICLE XII

1. La pêche sportive demeure permise aux navires de chacune des deux parties dans toutes les eaux de l'autre partie.

2. La pêche sportive en vertu de présent Accord se fera conformément aux règlements applicables et aux exigences en matière de permis et de licences imposées par les autorités étatiques, provinciales ou fédérales compétentes, exception faite des exigences en matière de permis et de licences prévues par le Fishery Conservation and Management Act de 1976, auxquelles les Etat-Unis renoncent, et prévues par la Loi sur la protection des pêcheries côtières, auxquelles le Canada renonce.

ARTICLE XIII

Les deux parties acceptent de se transmettre au besoin, en temps voulu et à intervalles réguliers, des statistiques appropriées en matière de pêche en vue de pouvoir déterminer d'une manière précise le moment où sera atteint le contingent alloué ou le niveau des captures dont il est fait mention dans le présent Accord et afin d'assurer une application efficace du présent Accord.

ARTICLE XIV

Chacune des deux parties permettra aux ressortissants et navires de l'autre partie de faire escale dans ses ports de douanes pour y acheter de la boëte, des fournitures, des agrès, du carburant, ou pour y effectuer des réparations, sous réserve de dispositions prévoyant des conditions d'accès plus favorables en vertu d'un autre accord en vigueur entre les deux parties. L'accessibilité prévue par les présentes dispositions est soumise aux exigences générales ayant trait à l'avis préalable d'entrée dans le port, à la disponibilité des services et aux besoins des pêcheurs du pays et des navires battant pavillon national.

ARTICLE XV

Les deux parties conviennent de poursuivre et, s'il y a lieu, d'amplifier la coopération en matière de recherche ainsi que l'échange de données biologiques et de renseignements statistiques sur les pêches par l'entremise des mécanismes institutionnels existants.

ARTICLE XVI

Les deux parties s'engagent à se consulter selon les besoins afin d'assurer l'application harmonieuse du présent Accord.

ARTICLE XVII

Aucune disposition du présent Accord ne sera interprétée comme portant atteinte ou préjudice à toute position ou prétention prises ou susceptibles d'être prises par l'une ou l'autre partie au cours de consultations, de négociations ou lors de modes de règlement par tierce partie concernant la juridiction maritime, y compris ses limites, du Canada ou des Etats-Unis d'Amérique.

Aucune disposition du présent Accord ne sera interprétée comme portant préjudice aux négociations actuelles ou futures en matière de pêche entre les deux parties.

Aucune disposition du présent Accord ne portera atteinte aux accords bilatéraux ou multilatéraux auxquels l'un ou l'autre Gouvernement est partie.

ARTICLE XVIII

1. Le présent Accord entrera en vigueur au terme du déroulement des procédures internes des deux parties. Chacune des deux parties donnera avis à l'autre partie lorsqu'elle aura terminé les procédures internes nécessaires à l'entrée en vigueur du présent Accord. Le présent Accord entrera en vigueur le jour du dernier en date de ces deux avis.

2. Le présent Accord expire le 31 décembre 1977.

3. L'Accord de 1973 sera abrogé lors de l'entrée en vigueur du présent Accord.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

DONE in two copies, at Washington this twenty-fourth day of February, 1977, in the English and French languages, each version being equally authentic.

EN FOI DE QUOI les soussignés, dûment autorisés à cet effet par leurs gouvernements respectifs, ont signé le présent Accord.

FAIT en deux exemplaires, à Washington le 24ème jour de février, 1977, en français et en anglais, chaque version faisant également foi.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

POUR LE GOUVERNEMENT DES ETATS-UNIS D'AMERIQUE:

 [¹]

FOR THE GOVERNMENT OF CANADA:

POUR LE GOUVERNEMENT DU CANADA:

 [²]

¹ Rozanne L. Ridgway

² Leonard H. Legault

CHILE

Finance: Consolidation and Rescheduling of Certain Debts

*Agreement signed at Washington July 3, 1975;
Entered into force September 8, 1975.*

With statement.

And understanding signed at Paris May 6, 1975.

*And agreement signed at Washington April 5, 1976;
Entered into force April 5, 1976.*

*And agreement signed at Washington May 26, 1976;
Entered into force May 26, 1976.*

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[Added by the Department of State]

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AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF CHILE
REGARDING THE CONSOLIDATION AND RESCHEDULING OF
CERTAIN DEBTS OWED TO,
GUARANTEED OR INSURED BY THE
UNITED STATES GOVERNMENT AND ITS AGENCIES

The Government of the United States of America and
the Government of Chile agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the provisions of the Understanding reached by representatives of certain creditor nations, including the United States, of the Government of Chile on May 6, 1975 and agreed to by the Government of Chile on May 8, 1975, the Government of the United States of America and the Government of Chile hereby agree to consolidate and reschedule certain Chilean debts owed to, guaranteed or insured by the United States Government and its Agencies, as provided for in this Agreement.

2. The Agreement shall be implemented by separate bilateral agreements between the Agency for International Development, the Export-Import Bank of the United States, the Overseas Private Investment Corporation, the Commodity Credit Corporation, and the United States Government with respect to P. L. 480 Agreements and the Government of Chile.

ARTICLE II

Definitions

For purposes of this Agreement:

1. The term "original agreements" shall refer to those agreements between the Government of the United States, and its agencies, and the Government of Chile, and its agencies, which are listed in Annex A. No prior agreement

regarding the consolidation and rescheduling of Chilean debts concluded between the Government of the United States and its agencies, and the Government of Chile and its agencies is listed.

2. The term "consolidated debt" shall refer to seventy percent (70%) of the sum of dollar principal and interest payments falling due from January 1, 1975, through December 31, 1975, in accordance with the "original agreements," as designated in the separate bilateral agreements referred to in Article I, paragraph 2.

3. The term "non-consolidated debt" shall refer to thirty percent (30%) of the sum of dollar principal and interest payments falling due from January 1, 1975 through December 31, 1975, in accordance with the "original agreements," as designated in the separate bilateral agreements referred to in Article I, paragraph 2.

4. The term "consolidation period" shall refer to the period from January 1, 1975 through December 31, 1975.

5. The term "consolidation interest" shall refer to interest on the consolidated debt. The term "non-consolidation interest" shall refer to interest on the non-consolidated debt. Consolidation interest and non-consolidation interest shall begin to accrue on the due dates specified in each of the original agreements for each payment of principal or interest which is part of the consolidated or non-consolidated debt.

dated debt.

ARTICLE III

Terms and Conditions of Payment

1. The Government of Chile agrees to repay the consolidated debt in accordance with the following terms and conditions:

(a) The consolidated debt amounting to \$67.2 million shall be repaid in 13 equal semi-annual installments on January 1 and July 1 of each year beginning January 1, 1978 and ending January 1, 1984.

(b) The consolidation interest rate shall be at a weighted average of 6.16 percent per annum on the outstanding balance of the consolidated debt. All interest shall accrue and be payable as specified in the implementing bilateral agreements referred to in Article I, paragraph 2.

(c) A table summarizing the amounts of the consolidated debt owed to the United States Government and each Agency is attached as Annex B.

2. The Government of Chile agrees to repay the non-consolidated debt in accordance with the following terms and conditions:

(a) The non-consolidated debt amounting to \$28.8 million shall be repaid in accordance with the following schedule:

(1) Thirty-three and one third percent

(33-1/3%) in 1975.

(2) Thirty-three and one third percent

(33-1/3%) in 1976.

(3) The balance of thirty-three and one
third percent (33-1/3%) in 1977.

Payments shall be made pursuant to the repayment terms specified in the implementing bilateral agreements referred to in Article I, paragraph 2.

(b) The weighted average of the non-consolidation interest rate shall be 6.16 percent per annum on the outstanding balance of the non-consolidated debt. All interest shall accrue and be payable as specified in the implementing bilateral agreements referred to in Article I, paragraph 2.

(c) A table summarizing the amounts of the non-consolidated debt owed to the United States Government and each Agency is attached as Annex C.

3. It is understood that minor adjustments may be made in the amounts specified in paragraphs 1 and 2 of this Article by amendment of the implementing bilateral agreements referred to in Article I, paragraph 2.

ARTICLE IV

General Provisions

1. The Government of Chile agrees to grant the Government of the United States of America and its agencies treatment no less favorable than that which may be accorded to any other creditor country for the consolidation of comparable debts.

2. The provisions of paragraph 1 above shall not be applicable to creditor countries where claims in respect of

principal and interest on comparable debts during the consolidation period constitute less than SDRs 1 million.

3. The Government of the United States and the Government of Chile agree that the interest rates provided in this Agreement may be reviewed and appropriately revised if the weighted average of the interest rates provided in other agreements between the Government of Chile and creditor countries relating to the consolidation of comparable debts are significantly higher or lower than the weighted average of the interest rates provided for in this agreement. In any revision resulting from this review, the United States shall have the option of exercising the right to require an increase in the interest rate provided for in this Agreement, up to the weighted average of interest rates resulting from agreements between the Government of Chile and other creditors on comparable debts.

4. The Government of Chile agrees to guarantee the free transferability of payments relating to the credits covered by this Agreement.

ARTICLE V

Entry into Force

1. This Agreement will enter into force when the Government of the United States notifies the Government of Chile in writing that domestic United States laws and regula-

tions covering debt rescheduling have been complied with.^[1]

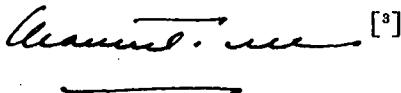
2. The Government of the United States of America shall be represented by the Honorable Paul H. Boeker and the Government of the Republic of Chile shall be represented by His Excellency, Manuel Trucco, Ambassador of Chile in the United States, who also represented the Autonomous Fund for Amortization of the Public Debt. The Fund is authorized by its charter to act on behalf of the Government of Chile and debtor corporations in concluding agreements with creditors.

DONE at Washington in duplicate this third day of July, 1975.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

 [2]

FOR THE GOVERNMENT OF CHILE:

 [3]

¹ Sept. 8, 1975.

² Paul H. Boeker

³ Manuel Trucco

ANNEX A

LOAN AGREEMENTS SUBJECT TO RESCHEDULINGAgency for International Development

<u>under 40 years</u>	<u>40 years</u>
513-B002	513-L017
513-G003	513-L018
513-A006	513-L019
513-M011	513-L020
513-L026	513-L021
	513-L022
	513-L023
	513-L024
	513-L025
	513-L028
	513-L030
	513-L031
	513-L033
	513-L034
	513-L036
	513-L037
	513-L040
	513-L041

Commodity Credit Corporation (GSM-4)GSM Numbers

12011
12013
12014
12015

Export-Import BankDIRECT CREDITSCredit
No.

808
1172
1299
1340
2139
2187
2221
2381
2382
2383
2390
2393
2416
2418
2435
2436
2437
2471
2486
2551
2601
2609

EXPORTER CREDITSGuarantee
No.GUARANTEES

G-6-166	G-47-359
G-7-54	G-50-239
G-10-219	G-50-240
G-10-245	G-50-245
OG-12-215	G-50-265
G-20-5	G-50-269
G-21-30	G-56-9
G-40-256	G-138-9
G-40-271	G-161-3
G-40-283	
G-41-18	
G-45-49	

EXPORTER CREDITS

INSURANCE

Policy
No.

MT-4756	MT-6648
MT-5485	MT-6719
MT-0-5644	MT-6746
MT-6032	MT-6782
MT-6249	MT-6785
MT-6290	MT-6820
MT-6291	MT-6891
MT-6325	MT-0-6921
MT-6384	MT-7825
MT-6405	MT-8055
MT-6444	MT-8056
MT-6460	MT-8058
MT-6480	MT-8059
MT-6584	MT-8060
MT-6596	

OVERSEAS PRIVATE INVESTMENT CORPORATION

Series A Promissory Notes issued by Sociedad Minera El Teniente, S.A. to Braden Copper Company and guaranteed by the Republic of Chile pursuant to instruments of guarantee dated as of May 4, 1967.

P.L. 480

Agreements dated:

August 7, 1962
December 29, 1967
A - January 23, 1969
January 29, 1969

ANNEX B

SUMMARY OF CONSOLIDATED DEBT*
(Millions of Dollars)

Agency for International Development	11.3
Commodity Credit Corporation	6.6
Export-Import Bank	40.6
Overseas Private Investment Corporation	6.2
PL-480	2.6
TOTAL	<u>67.2</u>

*Totals do not add up due to rounding and are subject to revision per Article III, Paragraph 3
[Footnote in the original.]

ANNEX C

SUMMARY OF NON-CONSOLIDATED DEBT*
(Millions of Dollars)

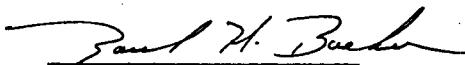
Agency for International Development	4.8
Commodity Credit Corporation	2.9
Export-Import Bank	17.4
Overseas Private Investment Corporation	2.6
PL-480	1.1
TOTAL	<u>28.8</u>

*Totals are rounded and subject to revision per Article III,
Paragraph 3
[Footnote in the original.]

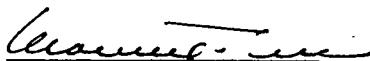
[STATEMENT]

During the negotiation of the Agreement Between the Government of the United States and the Government of Chile Regarding the Consolidation and Rescheduling of Certain Debts Owed to, Guaranteed or Insured by the United States Government and its Agencies signed today, it was agreed, with respect to Article III of that Agreement, that the particular interest rates (resulting in a weighted average of 6.16 percent) shall be as follows:

- a) seven percent (7%) per annum on the outstanding balance of the consolidated and non-consolidated debt due to Export-Import Bank of the United States, the Overseas Private Investment Corporation, and the Commodity Credit Corporation and
- b) three percent (3%) per annum on the outstanding balance of the consolidated and non-consolidated debt due to the Agency for International Development, and to the United States Government with respect to P.L. 480 Agreements.



FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA



FOR THE GOVERNMENT OF CHILE

[UNDERSTANDING]

Les représentants des Gouvernements de la République Fédérale d'Allemagne, du Canada, de l'Espagne, des Etats-Unis, de la France, du Japon et de la Suisse se sont réunis à Paris le 6 mai pour examiner le problème de la dette extérieure du Chili. Des représentants du Fonds Monétaire International ont assisté à cette réunion.

Les représentants du Fonds Monétaire International ont observé que le service de la dette extérieure chilienne à l'égard des pays représentés à la présente réunion s'élèverait, en 1975, à près du tiers des exportations totales actuellement prévues et qu'un règlement total des créances en cause apparaissait donc exclu au cours du présent exercice.

Les délégués des pays représentés ont pris note des termes du programme économique et financier tel qu'il a été antérieurement convenu entre le Gouvernement chilien et le Fonds Monétaire International, qui implique des engagements précis des autorités chiliennes tant dans le domaine de l'assainissement financier interne que du contrôle de la dette extérieure et du retour à une politique de taux de change flexible, unifié et réaliste.

Après avoir examiné la situation de la balance des paiements du Chili telle qu'elle a été présentée par les représentants du Fonds Monétaire International, les délégués des pays susvisés ont estimé qu'ils pouvaient indiquer à leurs Gouvernements qu'une consolidation des échéances 1975 était justifiée sur les bases suivantes:

—les échéances à consolider sont celles qui sont dues en 1975 et qui n'ont pas fait l'objet de consolidations précédemment.

Elles concernent:

A — Les crédits commerciaux garantis par les organismes appropriés ou les Gouvernements des pays intéressés ayant fait l'objet d'un contrat conclu avant le 31 décembre 1973 et prévoyant des paiements échelonnés sur une période supérieure à un an.

B — Les prêts gouvernementaux ou d'organismes gouvernementaux déjà conclus au 31 décembre 1973 pour lesquels la durée de remboursement est inférieure à 40 années à l'exception des prêts consentis au titre d'une précédente consolidation de dettes.

—30% de ces échéances seraient payables à raison de 10% en 1975, 10% en 1976 et 10% en 1977.

—les 70% restant seraient réglés en 13 semestrialités égales, le premier versement intervenant le 1er janvier 1978.

Les pays représentés considèrent que les autorités chiliennes leur accorderont un traitement qui ne sera pas moins favorable que celui qu'elles accorderont éventuellement à tout autre pays créancier pour la consolidation de dettes de terme comparable. Les pays latino-américains ou les pays qui n'ont pas été représentés à la présente réunion ne sont pas exclus de l'application de la présente disposition.

Cette disposition ne s'appliquera pas aux pays dont les créances en principal et intérêts payables au cours de la période de refinancement sont inférieures à 1 million d DTS.

Les délégations des pays représentés feront rapport à leurs autorités et leur recommanderont la conclusion d'accords bilatéraux sur ces bases à une date que chaque pays déterminerait.

En application de l'alinéa 5 du procès-verbal agréé du 6 mai, le Président de la présente réunion informera les autorités chiliennes de ses conclusions et du résultat de ses discussions y compris sur le problème des droits humains déjà traité par la commission compétente des Nations Unies.

Le Président de la présente réunion continuera à tenir les pays représentés informés de ses entretiens.

Le bilan

W. C. Evans *Alain-Pierre Félix*
Paul H. Parker *Jacobo Kuri*
 Chapman

Translation

The representatives of the Governments of the Federal Republic of Germany, Canada, Spain, United States, France, Japan and Switzerland met in Paris on May 6, 1975 to examine the problem of the foreign debt of Chile. Representatives of the International Monetary Fund attended this meeting.

The representatives of the International Monetary Fund observed that servicing foreign debt by Chile to countries represented at this meeting would, in 1975, amount to almost one-third of the total exports forecast at present and total settlement of the debts in question therefore seem out of question for the present fiscal year.

The delegates of countries represented took note of the terms of the economic and financial program as previously agreed upon between the Government of Chile and the International Monetary Fund, which involves precise undertakings both as to the strengthening of Chile's internal finances and as to the control of its external debt, and to the return to a policy of flexible, unified, and realistic exchange rates.

After considering the balance of payments situation of Chile as reviewed by representatives of the IMF, the delegates of the countries

represented concluded that a rescheduling of maturities due in 1975 was justified on the following terms:

—maturities to be rescheduled would be those due in 1975 and not previously renegotiated.

This concerns:

A — Commercial credits guaranteed by appropriate agencies or governments of participating countries pursuant to contracts entered into on or before December 31, 1973 under which payments are due over a period of more than one year.

B — Loans by governments or government agencies concluded on or before 31 December 1973 for which the repayment period is less than 40 years but excluding loans granted in connection with a previous debt consolidation.

- 30 percent of such maturities would be due in the amount of 10 percent in 1975, 10 percent in 1976, and 10 percent in 1977
- the remaining 70 percent would be paid in 13 equal semi-annual installments beginning January 1, 1978.

The countries represented assume that the Government of Chile will accord to each of them treatment no less favorable than that which may be accorded to any other creditor country for the consolidation of debts of comparable terms. Latin American countries and other countries not represented at the present meeting are not excluded from the application of this provision. This provision does not apply to countries whose claims in respect of principal and interest payable during the period for which debt relief is granted are less than SDR 1 million.

The delegations of the countries represented will report to their authorities and recommend to them that bilateral agreements be concluded on these bases at dates to be determined by each country.

In accordance with paragraph 5 of the agreed minute of May 6, the Chairman of the present meeting will inform the Chilean authorities of its conclusions and of the result of its discussions including on the problem of human rights already being dealt with in the competent commission of the United Nations.

The Chairman of the present meeting will continue to keep the countries represented informed of his conversations.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CHILE REGARDING THE CONSOLIDATION AND RESCHEDULING OF PAYMENTS DUE UNDER PL 480 TITLE I AGRICULTURAL COMMODITY AGREEMENTS

1. Reference is made to the Agreements Between the Government of the United States of America and the Government of Chile identified in Annex A attached to this Memorandum of Agreement and hereinafter referred to as "PL 480 Agreements." Reference is made also to the Agreement Between the Government of the United States of America and the Government of Chile Regarding the Consolidation and Rescheduling of Certain Debts Owed to, Guaranteed, or Insured by the United States Government and Its Agencies signed in Washington, D.C. on July 3, 1975, and to the Understanding reached by certain creditor nations of the Government of Chile on May 6, 1975, and agreed to by the Government of Chile on May 8, 1975, wherein agreement was reached on the consolidation and rescheduling of repayments under the PL 480 Agreements.

2. In accordance with the Agreement dated July 3, 1975, and the Understanding reached on May 8, 1975, cited above, it is agreed that dollar payment obligations due and unpaid under the PL 480 Agreements during the period January 1, 1975, through December 31, 1975, shall be repaid as follows:

a. Principal and interest in the amount of \$2,561,257.16 which consists of 70 percent of all principal and interest payments due and unpaid under the PL 480 Agreements during the period January 1, 1975, through December 31, 1975, as listed in Annex A, referred to hereafter as the "Consolidated Debt" shall be repaid in 13 equal semiannual installments on January 1 and July 1 with the first payment due on January 1, 1978, and the last payment due on January 1, 1984, as shown in Annex B.

b. Interest on the outstanding balance of the consolidated debt shall accrue at the rate of 3 percent per annum beginning on the first day after the due dates under the original agreements, and shall be due and payable beginning on January 1, 1976, and semiannually thereafter on July 1 and January 1 with the last payment due on January 1, 1984, as shown in Annex B.

c. Principal and interest in the amount of \$1,097,681.64, which consists of 30 percent of all principal and interest payments due and unpaid under the PL 480 Agreements during the period January 1, 1975, through December 31, 1975, as listed in Annex A, referred to hereafter as the "Non-Consolidated Debt" shall be repaid in 3 equal installments on December 31, 1975, December 31, 1976, and December 31, 1977, as shown in Annex C.

d. Interest on the outstanding balance of the "Non-Consolidated Debt" shall accrue at the rate of 3 percent per annum beginning on

the first day after the due dates under the original agreements, and shall be due and payable on the due dates specified in paragraph 2c, as shown in Annex C.

e. Additional interest at the rate of 3 percent per annum shall accrue to the benefit of the Government of the United States on any past due unpaid amounts or unpaid portions of amounts as listed in Annex B and Annex C. Application of payments shall be first to any interest due, with the balance to the principal installment due.

3. To the extent not amended herein, the terms and conditions of the PL 480 Agreements shall remain in full force and effect.

4. Done at Washington, D.C. in duplicate this 5th day of April, 1976.

MANUEL TRUCCO

PAUL H. BOEKER

FOR THE GOVERNMENT OF
CHILE AND ALSO REPRESENT-
ING CAJA AMORTIZACION DE
LA DEUDA PUBLICA

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

ANNEX A

Schedule of Amounts Due U.S. Government During Calendar Year 1975 Under P.L. 480 Title I Agreements With the Government of Chile Showing Amount of Consolidated Debt and Amount of Non-Consolidated Debt

Original P.L. 480 Agreement Date	Payment Due Date	Amount Due			Consolidated Debt	Non-Consolidated Debt
		Principal	Interest	Total		
8-07-62	12-31-75	\$387, 345. 34	\$23, 240. 72	\$410, 586. 06	\$287, 410. 24	\$123, 175. 82
8-07-62	12-31-75	546, 877. 85	36, 914. 26	583, 792. 11	408, 654. 48	175, 137. 63
8-07-62	12-31-75	706, 862. 15	53, 014. 66	759, 876. 81	531, 913. 77	227, 963. 04
8-07-62	12-31-75	50, 656. 87	4, 179. 19	54, 836. 06	38, 385. 24	16, 450. 82
8-07-62	12-31-75	635, 021. 46	206, 381. 97	841, 403. 43	588, 982. 40	252, 421. 03
12-29-67	3-31-75	126, 584. 12	53, 165. 33	179, 749. 45	125, 824. 62	53, 924. 83
A 12-23-68	3-31-75	70, 969. 03	24, 839. 16	95, 808. 19	67, 065. 73	28, 742. 46
A 1-23-69	3-31-75	466, 782. 85	196, 048. 80	662, 831. 65	463, 982. 15	198, 849. 50
4-29-69	1-09-75	48, 313. 82	21, 741. 22	70, 055. 04	49, 038. 53	21, 016. 51
Total		\$3, 039, 413. 49	\$619, 525. 31	\$3, 658, 938. 80	\$2, 561, 257. 16	\$1, 097, 681. 64

ANNEX B

Schedule of Payments Resulting From Rescheduling of Consolidated Debt Owed to the U.S. Government By The Government of Chile Under P.L. 480 Title I Agreements

<u>Installment Due Date</u>	<u>Balance Outstanding</u>	Amount Due		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1-1-76	\$2, 561, 257. 16		\$19, 317. 86	\$19, 317. 86
7-1-76	2, 561, 257. 16		38, 418. 86	38, 418. 86
1-1-77	2, 561, 257. 16		38, 418. 86	38, 418. 86
7-1-77	2, 561, 257. 16		38, 418. 86	38, 418. 86
1-1-78	2, 561, 257. 16	\$197, 019. 78	38, 418. 86	235, 438. 64
7-1-78	2, 364, 237. 38	197, 019. 78	35, 463. 56	232, 483. 34
1-1-79	2, 167, 217. 60	197, 019. 78	32, 508. 26	229, 528. 04
7-1-79	1, 970, 197. 82	197, 019. 78	29, 552. 97	226, 572. 75
1-1-80	1, 773, 178. 04	197, 019. 78	26, 597. 67	223, 617. 45
7-1-80	1, 576, 158. 26	197, 019. 78	23, 642. 37	220, 662. 15
1-1-81	1, 379, 138. 48	197, 019. 78	20, 687. 08	217, 706. 86
7-1-81	1, 182, 118. 70	197, 019. 78	17, 731. 78	214, 751. 56
1-1-82	985, 098. 92	197, 019. 78	14, 776. 48	211, 796. 26
7-1-82	788, 079. 14	197, 019. 78	11, 821. 19	208, 840. 97
1-1-83	591, 059. 36	197, 019. 78	8, 865. 89	205, 885. 67
7-1-83	394, 039. 58	197, 019. 79	5, 910. 59	202, 980. 38
1-1-84	197, 019. 79	197, 019. 79	2, 955. 39	199, 975. 09
Total	\$2, 561, 257. 16	\$103, 506. 44	\$2, 964, 763. 60	

**Schedule of Payments Resulting From Rescheduling of Non-
Consolidated Debt Owed to the U.S. Government By The
Government of Chile Under P.L. 480 Title I Agreements**

<u>Installment Due Date</u>	<u>Balance Outstanding</u>	Amount Due		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12-31-75	\$1, 097, 681. 64	\$365, 893. 88	\$8, 188. 87	\$374, 082. 75
12-31-76	731, 787. 76	365, 893. 88	21, 953. 63	387, 847. 51
12-31-77	365, 893. 88	365, 893. 88	10, 976. 82	376, 870. 70
Total		\$1, 097, 681. 64	\$41, 119. 32	\$1, 138, 800. 96

AGREEMENT
by and between
THE UNITED STATES OF AMERICA
acting through the Agency for International Development
and
THE REPUBLIC OF CHILE

Done and executed in the City of Washington,
District of Columbia, on this 26th day of May, 1976

Agreement dated May 26 , 1976,
between the United States of America and the Republic of
Chile.

WHEREAS, the United States of America, acting
through the Agency for International Development ("A.I.D.")
or its predecessor agencies, has made certain loans to, or
for the benefit of, the Republic of Chile ("Chile");

WHEREAS, Chile is in arrears on certain payments due
A.I.D. in connection with such loans; and

WHEREAS, the Government of the United States and the
Government of Chile have agreed to rescheduling arrangements
pursuant to an agreement between the Government of the
United States of America and the Government of Chile Regarding
the Consolidation and Rescheduling of Certain Debts Owed to,
Guaranteed or Insured by the United States Government and
its Agencies, dated July 3, 1975 ("the Rescheduling Agreement");

NOW THEREFORE, the parties hereto agree as follows:

Part I. Rescheduled Debt. Certain debt obligations incurred
by Chile and owing to A.I.D. pursuant to the Loan Agreements
listed in Schedule A ("Original Agreements") are hereby
rescheduled as provided in this Agreement. For purposes of
this Agreement, (i) "Consolidated Debt" shall mean seventy
percent (70%) and (ii) "Non-Consolidated Debt" shall mean
thirty percent (30%), of the sum of dollar principal and
interest installments repayable in United States dollars
falling due from January 1, 1975 through December 31, 1975
pursuant to the Original Agreements.

Section 1. Consolidated Debt.

(A) Chile shall pay to A.I.D. the amount representing Consolidated Debt in thirteen (13) equal semi-annual installments payable on January 1 and July 1 of each year, commencing on January 1, 1978, with final payment due on January 1, 1984.

(B) Chile shall pay to A.I.D., interest at the rate of three percent (3%) per annum on the outstanding balance of the Consolidated Debt and on any due and unpaid interest thereon. Interest on such amounts shall accrue from January 1, 1975, or from such later date as such amounts may become due, and shall be paid semi-annually on January 1, and July 1 of each year, commencing on January 1, 1976.

Section 2. Non-Consolidated Debt.

(A) Chile shall pay to A.I.D. the amount representing Non-Consolidated Debt as follows:

(i) Thirty-three and one-third precent (33 1/3%) of such amount not later than December 31, 1975.

(ii) Thirty-three and one-third percent (33 1/3%) of such amount not later than December 31, 1976.

(iii) the balance of such amount not later than December 31, 1977.

(B) Chile shall pay to A.I.D. interest at the rate of three percent (3%) per annum on the outstanding

balance of Non-Consolidated Debt, and any due and unpaid interest thereon. Interest on such amounts shall accrue from January 1, 1975 or from such later dates as such amounts may become due, and shall be payable on the dates established for payment in the Repayment Schedule provided for in Section 2, Part II, hereof.

Part II. General Provisions.

Section 1. Other Obligations. Except as otherwise provided herein, all obligations including, but not limited to, payment obligations other than those consolidated and rescheduled hereunder, incurred by Chile, or other parties to Loan Agreements listed in Schedule A, pursuant to such Loan Agreements shall remain in effect in accordance with the existing terms of such Loan Agreements. To the extent not modified by this Agreement, the existing terms and conditions of such Loan Agreements remain in full force and effect.

Section 2. Repayment Schedule. The payments provided for in this Agreement, together with the figures from which such amounts are derived, are set forth in the Repayment Schedule attached hereto. Such Schedule is subject to correction and/or adjustment in accordance with the terms of this Agreement.

Section 3. Application of Payment. Any payment pursuant to Section 1, Part I, hereof will be applied first to accrued interest on Consolidated Debt and then to repayment of

principal of such debt. Any payment pursuant to Section 2, Part I, hereof will be applied first to accrued interest on Non-Consolidated Debt and then to repayment of principal of such debt. Subject to the preceding, Chile shall have the right to prepay without penalty any portion of the debt due hereunder, provided that Chile is not otherwise in default on any payment due under Loan Agreements between Chile and A.I.D. Any such prepayment will first be applied to the Non-Consolidated Debt and then to Consolidated Debt.

Section 4. Place and Currency of Payment. Payments made hereunder shall be in United States dollars and shall be delivered to the office of the Controller, Agency for International Development, Washington, D.C. 20523.

Section 5. Revision of Interest Rate. This Agreement shall be subject to revision, pursuant to and in accordance with, any exercise of the option of the United States, under paragraph 3, Article IV, of the Rescheduling Agreement concerning revision of interest rates, which Rescheduling Agreement is attached hereto and made a part hereof as Annex B.

Section 6. Legal Opinion. Except as A.I.D. may otherwise agree in writing, within thirty (30) days from the date of signature of this Agreement, Chile shall furnish to A.I.D., in form and substance satisfactory to A.I.D. a legal opinion of counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed and delivered

on behalf of, Chile and constitutes a valid and legally binding obligation of Chile in accordance with its terms.

IN WITNESS WHEREOF, A.I.D. and Chile, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their respective names and delivered as of the day and year first above written.

REPUBLIC OF CHILE

By: Herman Kleine
Ambassador,
also representing Caja
Autonoma De Amortizacion
De La Deuda Publica

UNITED STATES OF AMERICA

By: Herman Kleine [1]
Assistant Administrator
Deputy U.S. Coordinator

¹ Herman Kleine

Schedule ALOAN AGREEMENTS RESCHEDULEDAgency for International DevelopmentUnder 40 years

513-B002

513-G003

513-A006

513-M011

513-L026

40 years

513-L017

513-L018

513-L019

513-L020

513-L021

513-L022

513-L023

513-L024

513-L025

513-L028

513-L030

513-L031

513-L033

513-L034

513-L036

513-L037

513-L040

513-L041

REPAYMENT SCHEDULE

**AMORTIZATION SCHEDULE
CONSOLIDATED DEBT
1975 RESCHEDULING**

<u>Due Date</u>	<u>Installment Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance Outstanding</u>
1-1-76	185,826.97	185,826.97	-0-	12,732,960.19
7-1-76	190,994.41	190,994.41	-0-	12,732,960.19
1-1-77	190,994.41	190,994.41	-0-	12,732,960.19
7-1-77	190,994.41	190,994.41	-0-	12,732,960.19
1-1-78	1,170,452.89	190,994.41	979,458.48	11,753,501.71
7-1-78	1,155,761.01	176,302.53	979,458.48	10,774,043.23
1-1-79	1,141,069.12	161,610.64	979,458.48	9,794,584.75
7-1-79	1,126,377.25	146,918.77	979,458.48	8,815,126.27
1-1-80	1,111,685.38	132,226.90	979,458.48	7,835,667.79
7-1-80	1,096,993.50	117,535.02	979,458.48	6,856,209.31
1-1-81	1,082,301.63	102,843.15	979,458.48	5,876,750.83
7-1-81	1,067,609.74	88,151.26	979,458.48	4,897,292.35
1-1-82	1,052,917.86	73,459.38	979,458.48	3,917,833.87
7-1-82	1,038,226.00	58,767.52	979,458.48	2,938,375.39
1-1-83	1,023,534.11	44,075.63	979,458.48	1,958,916.91
7-1-83	1,008,842.22	29,383.74	979,458.48	979,458.43
1-1-84	994,150.31	14,691.88	979,458.43	-0-
	14,828,731.22	2,095,771.03	12,732,960.19	

**AMORTIZATION SCHEDULE
NON-CONSOLIDATED DEBT
1975 RESCHEDULING**

<u>Due Date</u>	<u>Installment Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance Outstanding</u>
12-31-75	1,898,185.90	79,191.59	1,818,994.31	5,456,982.90
12-31-76	1,928,133.98	109,139.67	1,818,994.31	3,637,988.59
12-31-77	1,873,564.12	54,569.84	1,818,994.28	1,818,994.28
	5,699,884.00	242,901.10	5,456,982.90	-0-

KENYA
Livestock Development

*Agreement signed at Nairobi September 11, 1974;
Entered into force September 11, 1974.
And amending agreement
Signed at Nairobi July 20, 1977;
Entered into force July 20, 1977.*

A.I.D. Loan Number 615-T-008

LOAN AGREEMENT

Among

The Republic of Kenya

and

The Agricultural Finance Corporation

and the

United States of America

for

Kenya Livestock Development

Date: September 11, 1974

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ANNEX A Project Description

LOAN AGREEMENT dated September 11, 1974, among the Republic of Kenya ("Borrower"), the Agricultural Finance Corporation ("AFC"), 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 pursuant to the Foreign Assistance Act of 1961, as amended,^[1] an amount not to exceed nine million six hundred thousand (\$9,600,000) United States dollars ("Loan") to assist the Borrower and AFC in carrying out the Project described in Section 1.02 ("Project"). The Loan shall be used exclusively to finance United States dollar costs ("Dollar Costs") and local currency 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 comprises a portion of a multilateral project to be financed by the Governments of Canada, Kenya, and the United Kingdom, together with A.I.D. and the International Development Association ("I.D.A."). The Project to be financed jointly by Borrower and A.I.D. shall consist of three parts or sub-projects (hereinafter referred to as Project Part A, Project Part C and Project Part F(iii) in conformity with the I.D.A. Credit Agreement for the Second Livestock Development Project) which are more specifically described, as follows:

¹75 Stat. 424; 22 U.S.C. § 2151 note.

Project Part A shall consist of Borrower's relending to AFC a portion of the proceeds of the Loan ("Reloan") and the onlending ("Sub-loans") by AFC, to ranching enterprises ("Sub-Borrowers") of these funds together with other funds as may be provided by Borrower or AFC for Subloans under this Agreement, and shall include administrative activities related to such AFC onlending.

Project Part C shall consist of goods and services to assist the development and improvement of livestock grazing areas and livestock production in the North Eastern Province of Kenya.

Project Part F(iii) shall consist of consultant studies for the meat processing industry in Kenya.

The Project is more fully described in Annex A, attached hereto, which Annex may be modified in writing. The goods and services to be financed under the Loan shall be listed in the Implementation Letters referred to in Section 9.03 ("Implementation Letters").

SECTION 1.03. Use of Funds Generated by Other United States Assistance. The Borrower shall use for the Project, in lieu of any United States dollars that would otherwise be disbursed under the Loan to finance the Local Currency Costs of the Project, any currencies other than United States dollars that may become available to the Borrower after the date of this Agreement in connection with assistance (other than the Loan) provided by the United States of America to the Borrower to the extent and for the purposes that A.I.D. and the Borrower may agree in writing. Any such funds used for the Project shall reduce

the amount of the Loan (to the extent that it shall not then have been disbursed) by an equivalent amount of United States dollars computed, as of the date of the agreement between A.I.D. and the Borrower as to the use of such funds, using the most favorable exchange rate to the dollar then lawfully existing in Kenya.

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 (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04), and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be payable no later than six (6) months after the first disbursement hereunder on a date to be specified by A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and Interest. The first installment of Principal shall be payable nine and one-half ($9\frac{1}{2}$) years after the date on which the first payment is due in accordance with Section 2.01. A.I.D. shall

provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency, and Place of Payment. All payments of interest and Principal by the Borrower hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and payable 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 Office of Financial Management, Agency for International Development, Washington, D. C., U.S.A., and shall be deemed made when received by the Office of Financial Management.

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

SECTION 2.05. Renegotiation of the Terms of the Loan. 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 Kenya.

ARTICLE III

Reloans and Subloans (Project Part A)

SECTION 3.01. Reloan. The Borrower agrees to reloan to AFC all of the Loan funds allocated for Part A by this Agreement in accordance

with the terms and conditions hereof and of a Reloan Agreement between the Borrower and AFC to be approved by A.I.D. in writing prior to execution, and in accordance with such procedures as may be specified in Implementation Letters. Upon approval by A.I.D. and the execution of such Reloan Agreement, the Borrower agrees to enforce such Agreement in accordance with the terms thereof. As shall be stated in such Reloan Agreement, AFC shall repay Principal and shall pay interest to the Borrower in such currency as is, at the time of payment, legal tender in the Republic of Kenya. AFC will pay the Borrower interest at a rate of three percent (3%) per annum on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement. AFC shall repay the Principal and shall pay all accrued interest within twenty (20) years from the date of the first disbursement under the Reloan Agreement in approximately equal semiannual installments. The first installments of Principal shall be due five (5) years after the first disbursement, thus giving AFC a five-year grace period on the repayment of Principal. No amendments or material modification shall be made in the Reloan Agreement without the prior written consent of A.I.D.

SECTION 3.02. Subloans.

- (a) The Borrower and AFC agree that AFC using Reloan funds, shall promptly and effectively make Subloans to Sub-Borrowers in accordance with such terms, rates and procedures as may be specified in Implementation Letters and in the Reloan Agreement.

(b) Except as A.I.D. may otherwise agree in writing, Subloans shall be made on the following conditions:

(1) Sub-Borrowers shall pay interest on the outstanding Subloan balance and on any due and unpaid interest at a rate not less than eight percent (8%) per annum;

(2) Each Subloan shall be repayable and all accrued interest thereon shall be payable within a period not to exceed ten (10) years from the date of first disbursement under the respective Subloan;

(3) AFC shall permit individual Sub-Borrowers a grace period not to exceed three (3) years during which interest only shall be paid.

SECTION 3.03. Subloan Policy. With the exception of the specific provisions contained herein and in the Reloan Agreement, the Borrower shall take steps to assure that AFC shall, and AFC agrees to, make Subloans in accordance with all statutes, charters, interest rate structures rules, regulations, policies and procedures ("standards") that are approved by the Borrower. Further, the Borrower shall take steps to assure that AFC shall, and AFC agrees to, not apply new standards in any Subloan Agreement without the written consent of the Borrower.

ARTICLE IV

Conditions Precedent to Disbursement

SECTION 4.01. Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of the first Letter

of Commitment under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the Borrower's Attorney General that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

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

(c) Evidence of the source and availability of funds for the Borrower's contribution required by Section 5.10(a), together with detailed evidence of the budgeting or commitment and ready availability of funds necessary to meet the Borrower's anticipated obligations for project activities during the Borrower's fiscal year of 1974/75.

(d) Evidence that all conditions to the effectiveness of the I.D.A. "Development Credit Agreement" (Second Livestock Development Project), other than the effectiveness of this Agreement, have been satisfied, together with an executed copy of said I.D.A. agreement.

SECTION 4.02. Additional Conditions Precedent to Disbursement (Project Part A). Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, in connection with Project Part A, AFC 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 chief legal counsel of AFC or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of AFC and that it constitutes a valid and legally binding obligation of AFC in accordance with all of its terms;

(b) The name of the person or persons who will act as representative or representatives of AFC pursuant to Section 9.02 together with evidence of his or their authority and a specimen signature of each person, certified as to its authenticity;

(c) Opinion of legal counsel satisfactory to A.I.D. that AFC has been duly organized or created under the laws of Kenya, that AFC has taken all corporate and legal actions under the laws and regulations of Kenya and has full power, without legal inhibition, essential to the effective implementation of the Project Part A, and that its performance of obligations under the Reloan Agreement will not conflict with, or result in any violation of, any applicable franchise, concession, license, permit, decree, order, statute, ordinance, or regulation.

(d) Certified copies of the charter, bylaws, statutes, and other documentation governing the operations of AFC, including the interest rate structure, rules, regulations, policies, and procedures to be used in making Subloans and copies of AFC's Subloan form, if any, and such other information as A.I.D. may reasonably request.

SECTION 4.03. Conditions Precedent to Additional Disbursement
(Project Part C). Prior to any disbursement or to the issuance of any

Letter of Commitment under the Loan, in connection with Project Part C for the purpose of financing the procurement of equipment, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Evidence of satisfactory arrangements for equipment servicing and purchasing of spare parts, including establishment of a separate logistic and accounting section for North Eastern Province range water development within the Ministry of Agriculture's Water Department;
- (b) Evidence that an equipment maintenance program will be undertaken, including guidelines for maintenance of equipment;
- (c) An equipment utilization schedule, including a firm plan for the first year of Project implementation and a projected plan for succeeding project years.

SECTION 4.04. Conditions Precedent to Additional Disbursement
(Project Part F(iii)). Prior to any disbursement or to the issuance of any Letter of Commitment under the Loan in connection with Project Part F(iii), the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., an executed contract or contracts with a consulting firm or firms acceptable to A.I.D.

SECTION 4.05. Terminal Dates for Meeting Conditions Precedent to Disbursement.

- (a) If all the conditions specified in Section 4.01 shall not have been met within three (3) months from the date of this Agreement,

or such later date or dates as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this Agreement by giving written notice to the Borrower and AFC. In the event of such a termination, this Agreement and all the obligations of the parties hereto shall terminate.

(b) Except as A.I.D. may otherwise agree in writing:

(1) If the conditions specified in Section 4.02 shall not have been satisfied within three (3) months from the date of this Agreement; or

(2) If the conditions specified in Section 4.03 shall not have been satisfied within six (6) months from the date of this Agreement; or

(3) If the conditions specified in Section 4.04 shall not have been satisfied within one (1) year from the date of this Agreement; then A.I.D. may terminate this Agreement by giving notice to the Borrower, and AFC in respect to Section 4.02 conditions; provided, however, that termination resulting from the failure to meet conditions specified in Sections 4.02, 4.03, and 4.04 shall be effective only as to that Part of the Project to which the unsatisfied condition or conditions apply, and such termination shall not affect disbursements in support of other Parts of the Project for which all conditions have been timely satisfied. Upon the giving of such notice, this Agreement, or that portion thereof so affected, and all obligations of the parties hereto with respect to such affected portions and Parts of the Project shall terminate.

SECTION 4.06. Notification of Meeting Conditions Precedent to Disbursement. A.I.D. shall notify the Borrowers, and AFC in the case of Section 4.01 and Section 4.02 conditions, upon determination by A.I.D. that the conditions precedent to disbursement specified in Sections 4.01, 4.02, 4.03 and 4.04 have been met.

ARTICLE V

Covenants and Warranties

SECTION 5.01. Execution of the Project. AFC, with respect to Project Part A, and the Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound financial and administrative practices. It is the understanding of the parties hereto that Borrower bears the primary responsibility for fulfilling the representations, warranties and covenants herein, despite the fact that in regard to Project Part A, AFC and the Sub-Borrowers may be in a direct position to effect the performance of such undertakings. Accordingly, the Borrower agrees to take such steps as may be reasonable, necessary and proper to insure the due and faithful performance of such undertakings by AFC and Sub-Borrowers. Included among the obligations hereunder shall be the forwarding to AFC and the enforcement of various A.I.D. determinations and Implementation Letters made or issued pursuant hereto.

SECTION 5.02. Continuing Consultation. The Borrower, and AFC in regard to Project Part A, and A.I.D. shall from time to time, at the request of any party, exchange views through their representatives

with regard to the progress of the Project, the performance by the Borrower and AFC of their obligations under this Agreement and the Reloan Agreement and other matters relating to the Project.

SECTION 5.03. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and there has been disclosed to A.I.D. accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of the Borrower's obligations under this Agreement. The Borrower agrees to 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 Project or the discharge of the Borrower's obligations under this Agreement.

SECTION 5.04. Commissions, Fees and Other Payments.

(a) The Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement or the Reloan Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical or comparable services 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 or any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

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

SECTION 5.05. 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 to the Project, this Agreement and the Reloan Agreement.

- (a) AFC shall maintain in regard to Project Part A, books and records which shall, without limitation, be adequate to show:
- (i) the receipt and use made of the Loan funds disbursed to AFC;
 - (ii) the nature and extent of solicitations of prospective suppliers of goods and services to be furnished under Subloans;
 - (iii) the eligibility of the Sub-Borrowers receiving the Subloans, including the economic, technical and financial analysis made by AFC with respect to each application for a Subloan which is subsequently financed in whole or in part by the Loan; and
 - (iv) the financial conditions of AFC and the Sub-Borrowers, including those in default of payment of interest or repayment of Principal, and the progress of the Project.

(b) The Borrower's books and records, in regard to Project Part C and Project Part F(iii), shall, without limitation, be adequate to show:

- (i) the receipt and use made of goods and services acquired with the funds disbursed pursuant to this Agreement;
- (ii) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (iii) the basis for the award of contracts and orders to successful bidders; and
- (iv) the progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such periods and at such intervals 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 occur first.

SECTION 5.06. Reports. The Borrower, and AFC with regard to Project Part A, shall furnish to A.I.D. such information and reports relating to the Loan, to the Reloan, to the Subloans and to the Project as A.I.D. may reasonably request.

SECTION 5.07. Inspection and Audit. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect and audit the carrying out of the Project, the utilization of all goods and services financed under the Loan, the use of the proceeds of the Reloan and the Subloans and the Borrower's and AFC's books, records and other documents relating to the Project, the Loan, the Reloan and the Subloans. The Borrower and AFC shall each cooperate with A.I.D. to

facilitate such inspections and audits and the Borrower shall permit representatives of A.I.D. to visit any part of Kenya for any purpose relating to the foregoing.

SECTION 5.08. Continuance of Representation and Materials

Furnished to Satisfy Conditions Precedent. Unless A.I.D. otherwise agrees in writing, the Borrower and AFC shall continue in force and effect for the life of this Agreement, exactly as originally made or furnished, any representation made or opinion or agreement furnished to satisfy a Condition Precedent under this Agreement.

SECTION 5.09. Taxation. This Agreement, the Reloan Agreement, the Loan, the Reloan and any evidence of indebtedness issued in connection therewith shall be free from, and the principal and interest under the Loan and the Reloan shall be paid without deduction for and free from any taxation or fees imposed under the laws in effect within Kenya. No taxes, tariffs, duties or levies of any nature whatsoever shall be paid with funds provided under the Loan. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed under the Loan are not exempt from identifiable taxes, tariffs, duties and other levies imposed under the laws in effect in Kenya, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 5.10(b) of this Agreement with funds other than those provided under the Loan.

SECTION 5.10. Funds and Other Resources to be Provided by the Borrower.

(a) The Borrower agrees to make contributions, in cash or kind, to Project Part A, equal in value to at least five hundred thirty thousand (U.S.\$530,000) United States dollars. The Borrower further agrees to make contributions either in cash or kind, to Project Part C which equal in value at least three million seven hundred thousand (U.S.\$3,700,000) United States dollars. Except as A.I.D. may otherwise specify in writing, such contributions in whole or in part, may be provided to meet operational, administrative or capital costs of Project Part A and Project Part C.

(b) In addition to its required contribution under Section 5.10(a) hereof, the Borrower shall provide promptly as needed, all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project.

SECTION 5.11. Management. The Borrower, and AFC in regard to Project Part A, shall provide qualified and experienced management for the Project and shall train staff as may be appropriate for the maintenance and operation of the Project.

SECTION 5.12. Operation and Maintenance. The Borrower shall operate, maintain and repair Project Part C and all facilities, structures and goods provided in connection therewith in conformity with sound engineering, financial, administrative and livestock management practices and in such manner as to ensure the continuing and successful achievement of the purposes of Project Part C.

SECTION 5.13. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such a manner as A.I.D. may agree to in writing prior to such use or disposition.

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

SECTION 5.14. Investment Guaranty Project Approval by the Borrower. Any construction work to be financed under the Agreement is hereby stated to be a project approved by the Government of Kenya pursuant to the agreement between the Government of Kenya and the Government of the United States of America on the subject of investment guaranties under that agreement covering a contractor's investment in that project.

SECTION 5.15. Organization, Authority and Operation of AFC.

With regard to Project Part A, Borrower and AFC represent, warrant and agree as follows:

(a) AFC is a duly organized entity existing in good standing under the laws of Kenya;

- (b) there are no pending or threatened actions or proceedings before any court or administrative agency which materially and adversely affect the financial conditions or operations of AFC;
- (c) the operations and affairs of AFC are and will be conducted with due diligence and efficiency and in accordance with sound technical, administrative and financial practices, in conformity with the laws of Kenya and in conformity with the statutes, charter, by-laws, regulations, policies and procedures and any other information submitted to A.I.D. pursuant to Section 4.02(d) hereof;
- (d) Borrower and AFC will inform A.I.D. in writing of any change in the nature of the operations of AFC or of any material modification of the statutes, charter, by-laws, rules, regulations and policies which adversely affect the ability and willingness of AFC to fulfill its obligations hereunder;
- (e) the consolidated financial report for AFC as of March 31, 1974, and the related revenue and expenditure statement for the year then ended (copies of which will be furnished to A.I.D.) correctly sets forth the financial condition of AFC as of such date and the results of its operations for such year, and since the date of the said balance sheet there has been no materially adverse change in the financial condition of AFC.

SECTION 5.16. AFC Activities. In regard to Project Part A, AFC agrees:

(a) to use its best efforts to abstain from buying cattle for resale to Sub-Borrowers or acting as agent or broker in cattle purchases by Sub-Borrowers; provided, however, in regard to proposed transactions in which AFC considers it necessary to buy cattle or to act as agent or broker, AFC shall publicly and widely advertise its cattle requirements, if A.I.D., after consultation with AFC, so requires;

(b) to use its best effort to encourage Group Ranch Chairmen, their representatives or Ranch Managers to be present at and actively participate in cattle purchases financed under the Subloans.

The Borrower agrees to assure that AFC complies with the obligations specified in this Section 5.16.

SECTION 5.17. Range Development Activities. The Borrower with regard to Project Part C, agrees:

(a) to reconstruct, as required to maintain range carrying capacity, pre-existing pans located within or adjacent to the North Eastern Province and completed prior to the commencement of activities under Project Part C;

(b) to take necessary steps to control the extent of livestock grazing on any overgrazed or improperly utilized range land in the North Eastern Province and to maintain in force such laws and acts as may be necessary and proper for the performance of its obligations under this Section 5.17(b);

(c) that no more than twenty percent (20%) of the livestock or meat products generated annually by Project Part C will be exported

for use or consumption in the United States of America during the life of the Loan;

(d) to operate and maintain reservoirs and boreholes in the North Eastern Province and to use its best efforts to establish a program or operating procedure under which costs of such operation and maintenance will be recovered from the water users;

(e) to prepare and approve applicable range block management plans prior to the development of each individual grazing block;

(f) to implement as far as practicable, subject to evaluation and approval by A.I.D. and Borrower, the recommendations of A.I.D.-financed range management consultants;

(g) to improve and maintain access roads to the range areas in the North Eastern Province as necessary for project implementation and livestock operations;

(h) to actively employ the Ministry of Agriculture Livestock Marketing Division, or any successor organization, in livestock marketing operations in the North Eastern Province, until it is mutually determined by the Borrower and A.I.D. that the services of the Livestock Marketing Division are no longer necessary for the successful continuance of such livestock marketing;

(i) to provide a Field Supervisor for the Ministry of Agriculture range water construction operations in the North Eastern Province.

SECTION 5.18. I.D.A. Credit Agreement. The Borrower and AFC represent and warrant that they are in compliance with respectively

the I.D.A. Development Credit Agreement and the I.D.A. Project Agreement for the Second Livestock Development Project and agree that they shall continue to comply with the terms, conditions and covenants of such I.D.A. Agreements, respectively.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Code 941 Countries. Except as A.I.D. may otherwise agree in writing, 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 therefor. Ocean shipping shall qualify as an eligible service provided the vessel furnishing the transportation service is registered in a country 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 Kenya and Code 941 Countries. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Project of goods and services having their source in Kenya and their origin in Kenya or any other country included in A.I.D. Geographic Code 941 as in effect at the time orders are placed or contracts are entered into therefor.

SECTION 6.03. Eligibility Date. Except as A.I.D. may otherwise agree in writing, no goods or services procured pursuant to orders placed or contracts entered into prior to the date of this Agreement and no Subloans for which AFC has disbursed funds prior to the date of this Agreement may be financed under the Loan.

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. Plans, Specifications and Contracts.

(a) Except as A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, construction schedules, bid documents, contracts and agreements relating to the Project and any modification therein, whether or not the goods and services to which they relate are financed under the Loan.

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

(c) Except as A.I.D. may otherwise agree in writing, all bid documents and documents related to the solicitation of proposals

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

(d) Except as A.I.D. may otherwise agree in writing, the following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution:

- (i) contracts for engineering and other professional services,
- (ii) contracts for construction services,
- (iii) contracts for such other services as A.I.D. may specify, and
- (iv) contracts for such equipment and materials as A.I.D. may specify.

(e) Except as A.I.D. may otherwise agree in writing, consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to A.I.D.

SECTION 6.07. 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 6.08. Employment of Third-Country Nationals Under Construction Contracts. The employment of personnel to perform services under the construction contracts financed under the Loan shall be subject to requirements with respect to third-country nationals prescribed in Implementation Letters.

SECTION 6.09. Shipping and Insurance.

(a) Goods financed under the Loan shall be transported to Kenya 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 all goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners and tankers) and transported on ocean vessels shall be transported on privately owned United States flag commercial vessels, and (ii) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed under the Loan and transported on dry cargo liners shall be paid to or for the benefit of privately owned United States flag commercial vessels.

(c) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(d) If in connection with the placement of marine insurance on shipments financed under the United States legislation authorizing assistance to other nations, the Government of Kenya, by statute, decree, rule or regulation favors any marine insurance company of any other country over any marine insurance company authorized to do business in any state of the United States of America, goods procured from the United States and financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(e) Unless A.I.D. otherwise agrees in writing, Borrower shall insure, or cause to be insured, all 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 consistent with sound commercial practice and cover the full value of the goods, and the proceeds thereof shall be payable in United States dollars or in any other 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 Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin in countries specified in Section 6.01 and otherwise be 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 time, as A.I.D. may request in Implementation Letters.

SECTION 6.11. United States Government-Owned Excess Property. Where practicable, Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D., and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall advise A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

SECTION 6.12. Information and Marking. The Borrower shall give publicity to the Loan and the Project as a program of United States' aid, identify the Project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursement for United States Dollar Costs -

Letters of Commitment to United States' Banks. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States' banks satisfactory to A.I.D. committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for Dollar Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters.

Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 7.02. 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 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., at its option, may make such disbursements from Kenya currency owned by the U.S. Government or obtained by A.I.D. with United States dollars.

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 Kenya currency if purchased; or if otherwise obtained, the dollar equivalent of the funds disbursed, on the date of disbursement using the most favorable exchange rate to the dollar then lawfully existing in Kenya.

SECTION 7.03. 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 7.04. 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 7.05. Terminal Dates for Commitment and Disbursement.

(a) Except as A.I.D. may otherwise agree in writing, in connection with Project Part A no disbursement shall be made against documentation

received by A.I.D. or its designee after September 30, 1978 ("terminal date for disbursement").

(b) Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment document which may be called for by another form of disbursement under Section 7.03, shall be issued in response to requests received by A.I.D. in connection with Project Part C after March 31, 1979, and in connection with Project Part F(iii) after September 30, 1976, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 in connection with Project Part C after September 30, 1979 ("terminal date for disbursement") and in connection with Project Part F(iii) after March 31, 1977 ("terminal date for disbursement").

(c) If funds remain available under the Loan for any part of the Project after the applicable terminal date for disbursement as specified above, then A.I.D., at its option, may at any time or times after the respective terminal dates for disbursement reduce the Loan by all or any portion of such funds for which documentation for the disbursement thereof has not been received on or before the applicable terminal date for disbursement.

ARTICLE VIII

Cancellation and Suspension

SECTION 8.01. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (1) 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 AFC in regard to Project Part A, shall have failed to comply with any provision of the Reloan Agreement or of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;

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

then A.I.D. may, at its option, give to the Borrower notice that all or any part of the unpaid 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 unpaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

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

- (a) An Event of Default has occurred;
- (b) An event 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 will be able to perform its obligations under this Agreement or that AFC will be able to perform its obligations under the Reloan Agreement and/or this Agreement; or
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.;
- (d) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and 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, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside Kenya, are in a deliverable state and have not been offloaded in ports of entry in Kenya. 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 disbursements 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. However, in the event that such disbursement was originally made in local currency and if A.I.D. determines that the amount of such refund can be used to pay the Local Currency Costs of other goods and services approved for financing under the Loan, A.I.D. will accept such refund

in local currency. Refunds under this section shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse 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 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 will 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 reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

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

ARTICLE IX

Miscellaneous

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

TO BORROWER:

Mail Address: Permanent Secretary
Ministry of Finance and Planning
Treasury
Post Office Box 30007
Nairobi, Kenya

Cable Address: FINANCE, NAIROBI, KENYA

TO AFC:

Mail Address: The General Manager
Agricultural Finance Corp.
P. O. Box 30367
Nairobi, Kenya

Cable Address: KENAGBAN

TO A.I.D.:

Mail Address: Director
Regional Economic Development Services Office
c/o Director
U.S. A.I.D. Mission to Kenya
P. O. Box 30261
Nairobi, Kenya

Cable Address: AMEMBASSY NAIROBI

Borrower and AFC, in addition, shall provide the Director, U.S. A.I.D. Mission to Kenya, with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

SECTION 9.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Permanent Secretary to the Treasury, Ministry of Finance and Planning, AFC will be represented by the individual holding or acting in the office of General Manager of AFC, and A.I.D. will be represented by the individual holding or acting in the office of Director, Regional Economic Development Services Office, Nairobi, Kenya. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of

any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

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

SECTION 9.04. Promissory Notes. At such time or times as A.I.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. 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, The Republic of Kenya, the Agricultural Finance Corporation, and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

REPUBLIC OF KENYA

By: Nicholas Ng'a [1]
Title: Permanent Secretary
Treasury.

AGRICULTURAL FINANCE CORPORATION

By: F. Maina [2]
Title: General Manager.

UNITED STATES OF AMERICA

By: Anthony D. Marshall [3]
Title: Ambassador.

¹ Nicholas Ng'a
Permanent Secretary
Treasury
² Francis Maina
General Manager
³ Anthony D. Marshall
Ambassador

ANNEX AProject Description

The Project comprises a portion of the Second Livestock Development Project to be financed by the Governments of Kenya, Canada, the United Kingdom and the United States, and the International Development Association (I.D.A.) and project beneficiaries. A.I.D. financing will be provided for the activities described below:

1. Ranch Development - Part A.

The Loan will provide the Kenya currency equivalent of up to \$4,100,000 for onlending by the Borrower to AFC. These funds, together with such funds as may be provided for Subloans by the Borrower or AFC under Section 5.10 of this Agreement, shall be used to finance the procurement of cattle by Sub-Borrowers. Group, company or cooperative and commercial ranches, as further defined in Implementation Letters, shall be eligible Sub-Borrowers. Subloans shall be made to the following:

- (a) Approximately 60 group ranches most of which being in Kajiado, Narok and Samburu Districts;
- (b) Approximately 21 company or cooperative ranches most of which being in Taita/Taveta, Tana River, Kwale, Kilifi and Kitui Districts;
- (c) Approximately 100 commercial ranches most of which being in Nakuru, Laikipia, Nyandarua and Machakos Districts.

2. Northeast Range Development - Part C.

The Loan will provide up to \$5,300,000 to finance goods and services to assist in the planning, design and construction of roads, pans, water facilities and buildings required to develop and improve livestock grazing areas and livestock production in Kenya's North Eastern Province.

3. Meat Processing Study - Part F(iii).

The Loan will provide up to \$200,000 to assist in financing a contract or contracts for consultant studies to determine measures to improve and develop the meat processing industry in Kenya.

FIRST AMENDMENT

to

LOAN AGREEMENT

Among

THE GOVERNMENT OF KENYA

and

THE AGRICULTURAL FINANCE CORPORATION

and

THE UNITED STATES OF AMERICA

for

KENYA LIVESTOCK DEVELOPMENT

FIRST AMENDMENT

The Loan Agreement among the GOVERNMENT OF KENYA ("Borrower"), the Agricultural Finance Corporation ("AFC"), and the UNITED STATES OF AMERICA; acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D."), dated September 11, 1974, is hereby amended as follows:

1. Section 1.01 is deleted in its entirety and the following is substituted in lieu thereof:

"SECTION 1.01. The Loan. A.I.D. agrees to lend the Borrower pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed twelve million eight hundred fifty thousand United States Dollars (\$12,850,000.) to assist the Borrower and AFC in carrying out the Project referred to in Section 1.02 ("Project"). The amount loaned hereunder shall be deemed to consist of (i) an amount not to exceed nine million six hundred thousand United States Dollars (\$9,600,000.) ("original Loan"), and (ii) an amount not to exceed three million two hundred fifty thousand United States Dollars (\$3,250,000.) (First Amendment Loan"). The original Loan and the First Amendment Loan also are collectively referred to as the "Loan". The Loan shall be used exclusively to finance United States dollar costs ("Dollar Costs") and local currency 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."

2. Section 2.01 through 2.03 inclusive are deleted in their entirety and the following are substituted in lieu thereof:

"SECTION 2.01. Interest.

(a) The Borrower shall pay to A.I.D. interest as follows:

(i) At the rate of two percent (2%) per annum on the unpaid Principal of the original Loan and on any interest thereon due and unpaid during the ten (10) year period immediately following the first disbursement under the original Loan; thereafter at the rate of three percent (3%) per annum on the unpaid Principal of the original Loan and on any interest thereon due and unpaid. (ii) At the rate of two percent (2%) per annum on the unpaid Principal of the First Amendment Loan and on any interest thereon due and unpaid during the ten (10) year period immediately following the first disbursement under the First Amendment Loan; thereafter at the rate of three percent (3%) per annum on the unpaid Principal of the First Amendment Loan and on any interest thereon due and unpaid.

(b) For the original Loan and the First Amendment Loan, interest shall be due and payable semi-annually, commencing on a date to be specified by A.I.D. but in no event later than six (6) months after the date of first disbursements under the original Loan and the First Amendment Loan, respectively.

(c) Interest on the outstanding balance shall accrue from the dates of respective disbursements (as such dates are defined in Section 7.03) under the original Loan and the First Amendment Loan and shall be computed on the basis of a 365-day year.

"SECTION 2.02. Repayment. The Borrower shall repay the Principal amounts of the original Loan and the First Amendment Loan to A.I.D. in sixty-one (61) approximately equal semi-annual installments of Principal and interest for the original Loan and the First Amendment Loan, respectively. The first installments for the original Loan and the First Amendment Loan shall be due and payable nine and one-half (9½) years after the first interest payment is due for the original Loan and the First Amendment Loan, respectively, in accordance with Section 2.01. A.I.D. shall provide the Borrower with amortization schedules for the original Loan and the First Amendment Loan in accordance with this Section after the final disbursement under the Loan.

"SECTION 2.03. Application, Currency and Place of Payment.

All payments of interest and Principal hereunder by Borrower shall be made in United States dollars and shall be applied first, to the payment of any accrued interest on the original Loan; next, to the payment of any accrued interest on the First Amendment Loan; next to the repayment of Principal of the original Loan then due and owing; and, finally, to the repayment of the Principal of the First Amendment Loan then due and owing. Except as A.I.D. may otherwise specify in writing, all payments shall be made payable to the Controller, Agency for International Development, Washington, D.C. and shall be deemed made when received by the Office of the Controller."

3. Unless A.I.D. otherwise agrees in writing, Borrower shall furnish in form and substance satisfactory to A.I.D. the following prior

to the first disbursement or opening of Letters of Commitment under the First Amendment Loan:

(a) An opinion of the Attorney General of the Borrower, or of other counsel acceptable to A.I.D., that this Amendment has been duly authorized 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 plan for the imposition, collection and utilization of water use fees or charges in order to finance the operation and maintenance of water supply and storage facilities for grazing blocks in the North Eastern Province.

(c) A plan for the timely implementation of an improved and effective purchasing system for all spare parts related to implementation and maintenance of the Project.

(d) A plan for the timely assignment to Wajir of all trained personnel necessary to the effective operation and maintenance of the Wajir warehousing and repair facility.

(e) Such other information as A.I.D. may request with respect to the Project.

Except as A.I.D. may otherwise agree in writing, if the above-described conditions are not satisfied within one hundred twenty (120) days from the date of this First Amendment, A.I.D. may at any time thereafter terminate this Amendment by giving written notice of such termination to Borrower. In the event of any termination under this para-

graph, the Loan Agreement dated September 11, 1974, shall remain in full force and effect.

4. Sub-Section 5.17(d), which provides for certain obligations of the Borrower in regard to Project Part (C), is deleted in its entirety and the following new Sub-Section 5.17(d) is substituted in lieu thereof:

"(d) to operate and maintain reservoirs and boreholes in the North Eastern Province and, except as A.I.D. may otherwise agree in writing, to implement diligently and fully the plan required under paragraph 3(b) of the First Amendment to this Agreement in order to generate and utilize water supply revenues to assist in financing the operation and maintenance of water supply and storage facilities for grazing blocks in the North Eastern Province."

5. A new Sub-Section 5.17(j) providing for additional obligations of the Borrower in regard to Project Part C, is added to read as follows:

"(j) to reserve and utilize any housing constructed or financed, in whole or in part, under the Loan for technical assistance or other project personnel designated by A.I.D."

6. Except as specifically modified and amended hereby, the Loan Agreement dated September 11, 1974, shall remain in full force and effect. All references in said Agreement to the words "Loan Agreement" shall be deemed to mean the Loan Agreement as hereby amended.

IN WITNESS WHEREOF, The Republic of Kenya, the Agricultural Finance Corporation and the United States of America, acting through A.I.D., have executed this First Amendment on this twentieth day of July, 1977

REPUBLIC OF KENYA

AGRICULTURAL FINANCE CORPORATION

[¹]By: L. O. KibingeBy: [Signature]Title Permanent Secretary
Ministry of Finance & PlanningTitle: General Manager.

UNITED STATES OF AMERICA

By: Charles J. Nelson [²]Title: Director USAID/K

¹ L. O. Kibinge
² Charles J. Nelson
Director USAID/K

ANNEX A

As modified by First Amendment

Project Description

The Project comprises a portion of the Second Livestock Development Project to be financed by the Government of Kenya, Canada, the United Kingdom and the United States, and the International Development Association (I.D.A.) and project beneficiaries. A.I.D. financing will be provided for the activities described below:

1. Ranch Development - Part A

The Loan will provide the Kenya currency equivalent of up to \$4,100,000 for onlending by the Borrower to AFC. These funds, together with such funds as may be provided for Subloans by the Borrower or AFC under Section 5.10 of this Agreement, shall be used to finance the procurement of livestock by Sub-Borrowers. Group, company or cooperative and commercial ranches, as further defined in Implementation Letters, shall be eligible Sub-Borrowers. Subloans shall be made to the following:

- (a) Group ranches most of which being in Kajiado, Narok and Samburu Districts;
- (b) Company or cooperative ranches most of which being in Taita/Taveta, Tana River, Kwale, Kilifi and Kitui Districts;
- (c) Commercial ranches most of which being in Nakuru, Laikipia, Nyandarua and Machakos Districts.

2. Northeast Range Development - Part C

The Loan will provide up to \$8,550,000 to finance goods and services to assist in the planning, design and construction of roads, pans, water facilities and buildings required to develop and improve livestock grazing areas and livestock production in Kenya's Northeastern Province.

Specifically, for the purpose of implementing a maintenance program for track roads and for clearing silt from reservoirs constructed in the Northeastern Province under the Pilot Program, Phase I and the current Phase II of Kenya's Livestock Production Program, the First Amendment Loan shall finance (a) equipment, (b) equipment operations, and (c) equipment maintenance. Also, the First Amendment Loan shall finance construction of housing for three senior level technicians involved in Northeastern range development planning.

3. Meat Processing Study - Part F (iii)

The original Loan will provide up to \$200,000 to assist in financing a contract or contracts for consultant studies to determine measures to improve and develop the meat processing industry in Kenya.

OMAN
Investment Guaranties

*Agreement effected by exchange of notes
Signed at Muscat September 9, 1976;
Entered into force September 9, 1976.*

The American Ambassador to the Omani Minister of State for Foreign Affairs

No. 42

SEPTEMBER 9, 1976

EXCELLENCY

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments relating to investments in the Sultanate of Oman which promote the development of the economic resources and productive capacities of the Sultanate of Oman and to insurance and guaranties of such investments issued as an incentive by the Government of the United States of America. The agency of the Government of the United States of America presently authorized to issue such insurance or guaranties is the Overseas Private Investment Corporation. I also have the honor to confirm the following understandings reached as a result of those conversations.

1. When an investor proposes to invest in a project or activity within the Sultanate of Oman, with the assistance of insurance or guaranties (hereinafter referred to as "coverage") issued pursuant to this Agreement by the Government of the United States of America, the Government of the United States of America (the Issuing Government) and the Government of the Sultanate of Oman (the Host Government) shall, upon the request of either, consult respecting the nature of the project or activity

2. The procedures set forth in this Agreement shall apply only with respect to coverage of investments in projects or activities approved by the Host Government.

3. If the Issuing Government makes payment to any investor under coverage issued pursuant to this Agreement, the Host Government shall, subject to the provisions of paragraph 4, recognize the transfer to the Issuing Government of any currency, credits, assets, or investment on account of which payment under such coverage is

made as well as the succession of the Issuing Government to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith. The Issuing Government shall assert no greater rights than those of the transferring investor with respect to any interests transferred or succeeded to under this paragraph and shall be subject to legal defenses assertable against the transferring investor to the same extent as a transferee that is a private entity. The Issuing Government does, however, reserve its rights to assert a claim in its sovereign capacity under international law.

4. To the extent that the laws of the Host Government partially or wholly invalidate or prohibit the acquisition from a covered investor of any interests in any property within its territory by the Issuing Government, the Host Government shall permit such investor and the Issuing Government to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Host Government.

5. Amounts in the lawful currency of the Host Government and credits thereof acquired by the Issuing Government under coverage issued pursuant to this Agreement shall be accorded treatment no less favorable than that accorded to funds of nationals of the United States of America deriving from investment activities like those in which the investor has been engaged, and such amounts and credits shall be freely available to the Issuing Government for its use in the territory of the Host Government.

6. (a) Differences between the two Governments concerning the interpretation of the provisions of this Agreement shall be resolved, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 6(c).

(b) Any claim, arising out of any investment for which coverage has been issued in accordance with this Agreement, against either of the two Governments, which, in the opinion of the other, presents a question of public international law shall, at the request of the Government presenting the claim, be submitted to negotiations. If at the end of three months following the request for negotiations the two Governments have not resolved the claim by mutual agreement, the claim, including the question of whether it presents a question of public international law, shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 6(c).

(c) The arbitral tribunal for resolution of disputes pursuant to paragraphs 6(a) and 6(b) shall be established and function as follows.

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third State and be appointed by the two

Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the President of the International Court of Justice to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding. Only the two Governments may request the arbitral procedure and participate in it.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal, the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

7. This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to coverage issued while the Agreement was in force shall remain in force for the duration of such coverage, but in no case longer than twenty years after the denunciation of the Agreement.

8. This Agreement shall enter into force on the date of the note by which the Host Government communicates to the Issuing Government that the Agreement has been approved in conformity with the Host Government's constitutional procedures.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of the Sultanate of Oman, the Government of the United States of America will consider that this note and your reply thereto constitute an Agreement between our two Governments on this subject, the Agreement to enter into force in accordance with paragraph 8.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLIAM D. WOLLE

His Excellency

QAIS ABD AL-MUN'IM AL-ZAWAWI,
Minister of State for Foreign Affairs,
Ruwā, Sultanate of Oman.

The Omani Minister of State for Foreign Affairs to the American Ambassador

SULTANATE OF OMAN
MINISTRY OF FOREIGN AFFAIRS
OFFICE OF THE MINISTER

Ref: 10/3/76/84

MUSCAT 9th. Sept. 1976

EXCELLENCY,

I have the honour to refer to your Note Ref. No. 42 dated Sept. 9, 1976 concerning the conclusion of an Investment Guarantee Agreement between the Government of the United States of America and the Government of the Sultanate of Oman, and to confirm the result reached on the subject as follows:-

1—When an investor proposes to invest in a project or activity within the Sultanate of Oman, with the assistance of insurance of guarantees (hereinafter referred to as "coverage") issued pursuant to this Agreement by the Government of the United States of America, the Government of the United States of America (the Issuing Government) and the Government of the Sultanate of Oman (the Host Government shall, upon the request of either, consult respecting the nature of the project or activity

2—The procedures set forth in this Agreement shall apply only with respect to coverage of investments in projects or activities approved by the Host Government.

3—If the Issuing Government makes payment to any investor under coverage issued pursuant to this Agreement, the Host Government shall, subject to the provisions of paragraph 4, recognize the transfer to the Issuing Government of any currency, credits, assets, or investment on account of which payment under such coverage is made as well as the succession of the Issuing Government to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith. The Issuing Government shall assert no greater rights than those of the transferring investor with respect to any interests transferred or succeeded to under this paragraph and shall be subject to legal defenses assertable against the transferring investor to the same extent as a transferee that is a private entity. The Issuing Government does, however, reserve its rights to assert a claim in its sovereign capacity under international law

4—To the extent that the laws of the Host Government partially or wholly invalidate or prohibit the acquisition from a covered investor of any interests in any property within its territory by the Issuing Government. The Host Government shall permit such investor and the Issuing Government to make appropriate arrange-

ments pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Host Government.

5—Amounts in the lawful currency of the Host Government and credits thereof acquired by the Issuing Government under coverage issued pursuant to this Agreement shall be accorded treatment no less favorable than that accorded to funds of nationals of the United States of America deriving from investment activities like those in which the investor has been engaged, and such amounts and credits shall be freely available to the Issuing Government for its use in the territory of the Host Government.

6—(a) Differences between the two Governments concerning the interpretation of the provisions of this Agreement shall be resolved, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 6(c).

(b) Any claim, arising out of any investment for which coverage has been issued in accordance with this Agreement, against either of the two Governments, which, in the opinion of the other, presents a question of public international law shall, at the request of the Government presenting the claim, be submitted to negotiations. If at the end of three months following the request for negotiations the two Governments have not resolved the claim by mutual agreement, the claim, including the question of whether it presents a question of public international law, shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 6(c).

(c) The arbitral tribunal for resolution of disputes pursuant to paragraph 6(a) and 6(b) shall be established and function as follows:-

(i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third State and be appointed by the two Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the President of the International Court of Justice to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and

binding. Only the two Governments may request the arbitral procedure and participate in it.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal, the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

7—This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to coverage issued while the Agreement was in force shall remain in force for the duration of such coverage, but in no case longer than twenty years after the denunciation of the Agreement.

8—This Agreement shall enter into force on the date of the note by which the Host Government communicates to the Issuing Government that the Agreement has been approved in conformity with the Host Government's constitutional procedures.

Being the foregoing provisions acceptable to the Sultanate of Oman Government, it is agreed that your Note together with this reply constitute an Agreement between our two Governments on this subject and that this Agreement will enter into force on the date of this reply.

Accept, Your Excellency, the renewed assurance of my highest considerations.

Q AL ZAWAWI

Qais Al-Zawawi

Minister of State for Foreign Affairs

[SEAL]

Mr. WILLIAM D WOLLE,
Ambassador of the United States of America,
Muscat,
Sultanate of Oman.

ITALY

Information Exchange in Geothermal Energy Development

*Agreement signed April 23 and May 5, 1976;
Entered into force May 5, 1976.*

AGREEMENT CONCERNING COOPERATIVE INFORMATION EXCHANGE RELATING TO THE DEVELOPMENT OF GEOTHERMAL ENERGY

The United States Energy Research and Development Administration (hereinafter referred to as ERDA) and the Italian National Research Council (hereinafter referred to as CNR), in cooperation with the Ente Nazionale per l'Energia Elettrica (hereinafter referred to as ENEL),

Recognizing that there are within the territories of the governments of the parties to the Memorandum of Understanding, programs for the collection and analysis of information relating both to geothermal activities within the territories of the parties and throughout the world, and

Recognizing that a multilateral program for international data collection was established in Rotarua, New Zealand on May 3, 1974, under CCMS sponsorship, and that the U.S.-Italy agreement represents the initial bilateral follow-up to the CCMS program, and

Believing that the international collection and dissemination of information regarding the development and exploration of geothermal resources will prove fruitful to all concerned, and

Recognizing that such collection and dissemination of information can only be accomplished by the active cooperation and participation of the nations of the world involved in geothermal exploration and development, and

Desiring to undertake a comprehensive exchange of knowledge gained about the location, size, and characteristics of geothermal wells and fields, bibliographic information, and heat transmission data, not only between the two parties to this agreement but also between each party and the individual countries within an assigned area of the world, and

Believing that such cooperation will not only benefit the geothermal programs of the parties but be an important step for the faster development of geothermal resources throughout the world,

Agree as follows:

1. The aim of the Agreement is to encourage the cost effective and practical application of geothermal energy to meet the energy needs of the signatories and the world. This aim should be facilitated through the collection and exchange of information detailed below related to the exploration and evaluation of the world's geothermal resources.
2. ERDA and CNR (the Parties) shall each appoint a representative who will make all necessary arrangements for the exchange of the information collected in accordance with this Agreement. The computerized information described below shall be exchanged at no cost to the other Party every four months beginning on July 1, 1976. Such information shall be presented in the agreed computer format so that it will be machine readable by the designated computer centers of the signatories.
3. The material and descriptive data to be exchanged hereunder shall be collected in previously agreed formats relating to geothermal fields and wells.
4. The Parties further agree that bibliographic data will be collected and exchanged at no cost to the other Party in a format to be provided by ERDA.
5. The signatories further agree that heat transmission data will be collected and exchanged based on a format to be mutually agreed upon, and based further on an outline to be provided by ERDA.
6. ERDA shall collect or supervise the collection of the agreed geothermal data in the defined formats from the Americas, Oceania, Iceland, and Asia (except the Soviet Union). ERDA will maintain a complete file of the data to be exchanged; all assignments of specific data acquisition responsibilities between ERDA and other U.S. agencies shall be designed so as to avoid unnecessary duplication of effort. CNR with the cooperation of ENEL shall collect or supervise the collection of the agreed geothermal data in the defined formats for Europe (except Iceland), Africa, and the Soviet Union. The Parties agree that participation by representatives in other nations willing to serve as a collection and exchange center for its own data and those from an agreed geographic area would be desirable, subject to adoption of consequential amendments to this Agreement.
7. The Parties recognize the desirability of placing this program under the sponsorship of a multilateral organization with a long-term commitment to energy research and development.
8. Where necessary the Parties intend to carry out their obligations hereunder through formal or informal bilateral agreements with the geothermally active nations within their reporting areas, which agreements may call for exchange of information

- provided under this Agreement, and for access to the computerized data file. Nothing in this Agreement shall require the Parties to exchange information which they are not permitted to exchange, including information received under agreements restricting the further dissemination thereof.
9. All information collected and exchanged under this Agreement may be disseminated by ERDA, CNR, and ENEL in accordance with their national policies, and a charge may be assessed for disseminating such information.
 10. The application or use of any information exchanged under this Agreement shall be the responsibility of the Party receiving it, and the other Party does not warrant the accuracy or completeness of such information and does not warrant the suitability of such information for any particular use of application.
 11. Each Party shall bear all costs of its participation under this Agreement.
 12. This Agreement shall enter into force on the latter date of signature by a Party and shall remain in force for a period of five years. However, any Party may terminate this Agreement at any time by notice to the other Party not earlier than six months after signature hereof. This Agreement may be extended by mutual agreement.

ITALIAN NATIONAL RESEARCH
COUNCIL

By: ALESSANDRO FAEDO

Date: *5 maggio 1976*

ENTE NAZIONALE PER
L'ENERGIA ELETTRICA

By: A. M. ANGELINI

Date: *5 maggio 1976*

UNITED STATES ENERGY
RESEARCH AND DEVELOP-
MENT ADMINISTRATION

By: A GIAMBUSSO

Date: *April 23, 1976*

By: JAMES C. BRESEE

Date: *May 5, 1976*

FRANCE

Research on Solar Thermal Conversion Systems

*Memorandum of understanding signed at Washington May 7, 1976;
Entered into force May 7, 1976.
With related letter.*

MEMORANDUM OF UNDERSTANDING BETWEEN THE UNITED STATES ENERGY RESEARCH AND DEVELOP- MENT ADMINISTRATION AND THE FRENCH NATIONAL CENTER FOR SCIENTIFIC RESEARCH FOR COOPERATION IN JOINT RESEARCH ON SOLAR THERMAL CONVERSION SYSTEMS

I. PREAMBLE

WHEREAS the Government of the United States and the Government of the French Republic have, in joint statements on cooperation in science and technology released on September 23, 1969 and November 25, 1969, [1] expressed the intention to cooperate through their respective agencies and institutes in activities to explore methods of providing alternative energy sources; and

WHEREAS the National Science Foundation of the United States (NSF) and the National Center for Scientific Research of the French Republic (CNRS) have been cooperating in the study, research, and evaluation of components, subsystems, and systems for the thermal conversion of solar energy into electrical power through an agreement signed on June 24, 1974 between the Georgia Institute of Technology (GIT) and CNRS; and

WHEREAS the United States Energy Research and Development Administration (ERDA) and CNRS, hereinafter referred to as the Parties, desire to continue the aforesaid program of cooperation;

Now, THEREFORE, the Parties hereby agree as follows:

II. GENERAL PRINCIPLES

1. The immediate aim of the cooperative program described in Section III of this Memorandum of Understanding is to (a) share information on research regarding the design and prototype construction of cavity boilers, (b) proceed with the effort undertaken in the aforesaid agreement between CNRS and the GIT regarding the

¹*Department of State Bulletin*, Dec. 22, 1969, p. 590.

development of cavity boilers, (c) test and evaluate at the CNRS facilities at Odeillo, France, several prototype components, such as radiation receivers and cavity boilers/superheaters, together with ancillary controls and equipment essential to these tests.

2. The scientific and technical data resulting from the cooperative effort described in paragraph 1 hereabove will be freely available to CNRS and ERDA, under the conditions set forth in Section III, subsection B. herein below.

3. The cooperative efforts contemplated by this Memorandum of Understanding shall be conducted by the Parties, acting on their own behalf or through their designated contractors or representatives, at the CNRS facilities at Odeillo, France, and such other locations as may be agreed by the Parties, including future test facilities available in the United States and in France. These future cooperative efforts will be specified in a separate Memorandum of Understanding.

4. The cooperative effort may be extended to include research on other components and subsystems associated with solar thermal conversion systems, such as heliostats, guidance and control equipment, and heat exchangers. Such extension of the research effort will be made the subject of further agreements. Such further agreements will specify, with respect to each program, each Party's contribution of equipment and manpower, the conditions under which the program is to be implemented and under which the data may be used, and the allocation of rights to inventions and to any use of such inventions. In each instance, a Joint Committee will be responsible for the implementation of the jointly agreed upon program.

III—SPECIFIC PROVISIONS GOVERNING THE COOPERATIVE PROGRAM SET FORTH IN SECTION II, PARAGRAPHS 1, 2 AND 3 OF THIS MEMORANDUM OF UNDERSTANDING.

A. CONDUCT OF THE PROGRAM

1. A Joint Committee composed of six members is hereby established to coordinate the program contemplated by Section II, paragraph 1 of this Memorandum, ensure appropriate safety practices, and settle disagreements. ERDA and CNRS shall each appoint three members of the Joint Committee, and alternate members as may be necessary. The Joint Committee shall meet at least once a year, and at such other times as may be reasonably necessary upon the request of one or more of its members. The Joint Committee may establish one or more subcommittees and may delegate to any such subcommittee any of the functions of the Joint Committee which are enumerated in this Memorandum of Understanding. Each such subcommittee shall have the same powers as the Joint Committee to act in connection with any such delegated function.

2. Prototype subsystems such as cavity boiler/superheaters will be provided by ERDA to be tested by CNRS at its facilities at Odeillo, France. ERDA will supply subsystems up to the interfaces with the solar furnace and will provide personnel to check out the

subsystems prior to connection with the furnace and to assist as needed with their connection to the furnace, post-connection checkout, overall testing, and data reduction [mise en forme des donnees]. ERDA and CNRS will have joint responsibilities in the analysis of the experimental data. Unless otherwise agreed, equipment or material furnished by ERDA shall be delivered by ERDA to the CNRS site designated by CNRS at the time or times agreed upon by the Parties. Unless otherwise agreed, ERDA shall assume all responsibility for such delivery to the designated site or sites. Unless otherwise agreed, title to any equipment or material furnished by ERDA shall remain in ERDA, which shall arrange for disposition of the material or equipment at the conclusion of the activity for which it is supplied.

3. CNRS will furnish personnel and necessary equipment and materials for connecting the ERDA prototype subsystem to the interfaces of the furnace, for checking out the subsystems after connections, for testing and for supporting the general operation of the CNRS facilities, as needed. Tests involving the use of the CNRS 1000 KW solar furnace for experiments will be the responsibility of the CNRS staff.

4. To the maximum extent possible and consistent with sound management and operational safety, plans for installation, checkout, and testing or changes in design will be formulated and implemented by direct contact or interchange between interested scientists representing ERDA, or its contractors, and CNRS, or its designated representatives. It is recognized that components, subsystems or systems furnished by ERDA for testing, and the test procedures themselves, must comply with established safety procedures at the facilities.

5. In case of disagreement over the plan or possible changes to the test model's subsystems, the Joint Committee shall endeavor to arrive at a solution acceptable to the Parties.

6. The Joint Committee will check out the safety conditions and the functioning of the CNRS test facilities and the components, subsystems, or systems furnished by ERDA for testing, and will make all recommendations it deems necessary. In case of an accident involving the CNRS facilities the components, subsystems, or systems furnished by ERDA for testing, or a combination of the CNRS facilities and such ERDA components, subsystems, or systems, the Joint Committee shall endeavor to reach conclusions as to the responsibilities therefor, and shall transmit these conclusions to CNRS and ERDA. Notwithstanding the foregoing provisions of this Section III, subsection A, paragraph 6, CNRS assumes responsibility for the safe operation of the test facilities and agrees to indemnify ERDA from any and all liability [dommage] which may result from operation of the test facilities;

provided, that this indemnity shall not apply to liability which results from the failure of any component, subsystem, or system

furnished by ERDA to meet the technical specifications required for its use in the test facilities and which ERDA has agreed to meet;

provided further, that ERDA assumes responsibility for the failure of any component, subsystem, or system furnished by ERDA to meet the technical specifications required for its use in the test facilities and which ERDA has agreed to meet, and ERDA agrees to indemnify CNRS from any and all liability which may result from such failure of an ERDA-furnished component, subsystem, or system; and

provided further, that neither CNRS nor ERDA shall assume any such responsibility or agree to any such indemnity for any liability arising from circumstances in which it is impossible to determine whether the event giving rise to such liability resulted from the operation of the test facilities or from the failure of any component, subsystem, or system furnished by ERDA to meet the technical specifications required for its use in the test facilities and which ERDA has agreed to meet.

7. Immediately preceding and during the test period, members of the Joint Committee shall endeavor to make themselves available for consultation, at least by telephone.

8. The Parties agree that each side will share in the effort and the cost of approved activities by providing for the cost of its participation in activities carried out hereunder. This provision, however, does not require precise matching of funds, manpower, or facilities, nor does it require joint accounting procedures.

9. Within four months after completion or cessation of testing, a joint evaluation report shall be prepared. Each Party's obligation to participate in the preparation of this report may be discharged by persons acting on its behalf.

B. DATA

1. Scientific and technical results, information, and data resulting from the program activities set forth in Section III, subsection A, will be freely available to both ERDA and CNRS for their use or for use by other persons as either Party may deem appropriate.

2. Each Party will be permitted to disseminate these data as publications in scientific journals or by other channels customary to the scientific community.

3. This subsection B applies only to scientific and technical information and data not subject to the provisions of Section III, subsection C below.

C. INVENTIONS

1. It is acknowledged that the CNRS facility to be used in the present test and evaluation at Odeillo was originated by CNRS and that the cavity boiler/superheater subsystem to be tested was originated by ERDA. As to this facility and this subsystem, this Memorandum

dum shall not affect existing rights between the Parties to the inventions conceived or first actually reduced to practice prior to this Memorandum.

2. With respect to any invention or discovery made or conceived by either Party or its contractors under or in the course of the implementation of the cooperative program specified in Section II, paragraphs 1, 2 and 3 of the Memorandum of Understanding, the invention and patent rights will be allocated in accordance with the following principles:

a. Each Party shall determine the allocation of all rights in such invention in its own country.

b. As to the right to acquire patents in third countries to inventions made in the course of this exchange:

(1) CNRS shall have this right as to inventions in the CNRS facility system and components,

(2) ERDA shall have this right as to inventions in the cavity boiler/superheater subsystem, and any other subsystems or components originated and supplied to CNRS by ERDA for testing.

c. The Party owning a patent covering any invention referred to in this Section III, subsection C, paragraph 2 shall license the patents to nationals of the other Party upon request of such other Party, on nondiscriminatory terms and conditions. At the time of such a request, the other Party will be informed of all licenses already granted under such patent.

3. The Parties to this Memorandum shall provide all necessary cooperation from their inventors to carry out the provisions of paragraphs 1 and 2 above.

4. Each Party to this Memorandum shall assume the responsibility to pay awards or compensation required to be paid to its own nationals according to its own laws.

5. Disclosure of inventions made by one Party to the other during the course of any technical interchange or review shall be held confidential for the period necessary to file patent applications in the country of either Party.

6. The Joint Committee established in Section III, subsection A hereinabove is responsible for coordinating matters and settling disputes resulting from the application of paragraphs 1 and 2 above.

7. The meaning of "Party" in this Section III, subsection C shall include any affiliated government agency holding patents on behalf of a Party.

D. AVAILABILITY OF FUNDS

Responsibilities of the Parties here to are subject to the availability of appropriations as such appropriations are determined in accordance with applicable laws.

E. FINAL PROVISIONS

1. This Memorandum will become effective upon signature by the duly authorized representatives of both Parties and will remain in effect for two years after the date of signature.
2. By mutual consent of the Parties, this Memorandum may be renewed for additional periods and may at any time be modified.
3. The termination, cancellation, expiration, or amendment of this Memorandum may, if the Parties agree, not affect the carrying out of any program or testing undertaken in accordance with this Memorandum and not fully completed at the time.
4. In case of disagreement regarding interpretation or application of the provisions of this Memorandum not settled by the Joint Committee, CNRS and ERDA shall consult for the purpose of amicably settling the dispute before presenting it to the competent legal authority.
5. The Parties agree that no classified information will be transferred under this Memorandum.

IN WITNESS WHEREOF, the Parties have executed this Memorandum on May 7, 1976.

FOR THE ENERGY RESEARCH
AND
DEVELOPMENT ADMINISTRA-
TION

ROBERT L. HIRSCH

Robert L. Hirsch
Assistant Administrator
Solar, Geothermal and
Advanced Energy Systems

FOR THE NATIONAL CENTER
FOR SCIENTIFIC RESEARCH

BERNARD GREGORY

Bernard Gregory
Directeur General

PIERRE CREYSEL

Pierre Creyssel
Directeur Administratif
et Financier

**PROTOCOLE D'ACCORD POUR UNE COLLABORATION SUR
UNE RECHERCHE COOPERATIVE CONCERNANT LES SYS-
TEMES DE CONVERSION THERMIQUE DE L'ENERGIE
SOLAIRE ENTRE L'AGENCE POUR LA RECHERCHE ET LE
DEVELOPPEMENT DE L'ENERGIE DES ETATS-UNIS ET LE
CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE
FRANCAIS**

PREAMBULE

Attendu que le Gouvernement des Etats-Unis et le Gouvernement de la République Française ont, dans des déclarations communes

relatives à la coopération scientifique et technologique en date du 23 septembre 1969 et du 25 novembre 1969, exprimé leur intention de coopérer par l'intermédiaire de leurs administrations et organismes respectifs afin d'explorer les méthodes permettant de fournir de nouvelles sources d'énergie;

Attendu que la National Science Foundation (N.S.F.) des Etats-Unis et le Centre National de la Recherche Scientifique de la République Française (C.N.R.S.) ont coopéré pour l'étude, la recherche et l'évaluation de composants, de sous-systèmes et de systèmes pour la conversion thermique de l'énergie solaire en énergie électrique sur la base d'un accord signé le 24 juin 1974 entre le Georgia Institute of Technology (G.I.T.) et le C.N.R.S.;

Attendu que l'Agence pour la Recherche et le Développement de l'Energie des Etats-Unis (E.R.D.A.) et le C.N.R.S., ci-après désignés par les "parties", désirent poursuivre ledit programme de coopération; Les parties conviennent donc de ce qui suit:

II - PRINCIPES GENERAUX

1. Le but immédiat du programme de coopération dont les modalités sont décrites à la section III du présent protocole d'accord est de:

- a) partager les informations sur les recherches concernant la conception et la modélisation des bouilleurs à cavité
- b) poursuivre l'effort entrepris dans le contrat sus-mentionné entre le C.N.R.S. et le G.I.T. concernant le développement des bouilleurs à cavité
- c) tester et évaluer dans les installations du C.N.R.S. à Odeillo, France, plusieurs composants prototypes tels que récepteurs de radiation et bouilleurs à cavité/surchauffeurs, ainsi que les contrôles auxiliaires et les équipements nécessaires pour ces essais.

2. Les données scientifiques et techniques obtenues grâce au programme de coopération défini au paragraphe 1 ci-dessus sont à la libre disposition du C.N.R.S. et de l'E.R.D.A. dans les conditions prévues à la section III sous-section B, ci-dessous.

3. Les efforts de coopération envisagés par ce protocole d'accord sont menés par les parties agissant soit en leur nom propre, soit par l'intermédiaire de leurs contractants ou représentants désignés, dans les installations du C.N.R.S. à Odeillo, France, et tout autre lieu ayant reçu l'agrément des parties, y compris les installations futures d'essai disponibles aux Etats-Unis et en France. Ces efforts de coopération future feront l'objet d'un protocole d'accord séparé.

4. L'effort de coopération pourra être étendu à des recherches sur d'autres composants ou sous-systèmes associés aux systèmes de conversion thermique de l'énergie solaire, tels que les héliostats, les équipements de guidage et de contrôle et les échangeurs de chaleur. Une telle extension de ces recherches fera l'objet d'accords ultérieurs.

Ces accords ultérieurs préciseront pour chaque programme les apports de chaque partie en matériel et en personnel, les conditions de mise en oeuvre du programme, ainsi que l'utilisation des données et la répartition des droits concernant les inventions et l'exploitation éventuelle de telles inventions. Dans chaque cas un comité commun assurera la mise en oeuvre du programme arrêté en commun.

III – DISPOSITIONS PARTICULIERES RELATIVES AU PROGRAMME DE COOPERATION PREVU AUX PARAGRAPHES 1, 2 ET 3 DE LA SECTION II DU PRESENT PROTOCOLE D'ACCORD

A – DÉROULEMENT DU PROGRAMME

1. Il est institué, pour la coordination du programme prévu au paragraphe 1 de la section II du présent protocole d'accord, un Comité commun composé de six membres chargé également de veiller à la sécurité des opérations et de régler les litiges. L'E.R.D.A. et le C.N.R.S. désignent chacun trois membres de ce Comité commun, et des suppléants si nécessaire. Le Comité commun se réunit au moins une fois par an et aux autres moments où cela peut être raisonnablement nécessaire, à la demande d'un ou plusieurs de ses membres. Le Comité commun peut établir un ou plusieurs sous-comités et peut déléguer à un tel sous-comité toute fonction du Comité commun qui est indiquée dans ce protocole. Un tel sous-comité aura les mêmes pouvoirs que le Comité commun dans l'exercice de toute fonction qui lui aura été ainsi déléguée.

2. Les sous-systèmes prototypes tels que les bouilleurs à cavité/surchauffeurs sont fournis par l'E.R.D.A. en vue d'être testés par le C.N.R.S. dans ses installations d'Odeillo, France. L'E.R.D.A. fournit les sous-systèmes jusqu'au point de mise en place au foyer du four solaire et fournit le personnel pour contrôler les sous-systèmes avant sa connexion avec le four et, selon les besoins, pour participer à sa connexion avec le four, pour effectuer les vérifications après la connexion, pour réaliser les tests de l'ensemble et la mise en forme des données [data reduction]. L'E.R.D.A. et le C.N.R.S. sont responsables conjointement de l'analyse des données expérimentales. Sauf stipulations contraires entre les parties, l'équipement et le matériel fournis par l'E.R.D.A. sont livrés par l'E.R.D.A. au site du C.N.R.S. choisi par le C.N.R.S. au(x) moment(s) convenu(s) par les parties. Sauf stipulations contraires entre les parties, l'E.R.D.A. assume l'entièvre responsabilité de cette livraison au(x) lieu(x) choisi(s). Sauf stipulations contraires entre les parties, l'E.R.D.A. conserve tous ses droits de propriété sur tout équipement ou matériel fourni par elle et elle prend les dispositions concernant ces matériels et équipement à la fin des travaux pour lesquels ils ont été fournis.

3. Le C.N.R.S. fournit le personnel, les équipements et les matériels nécessaires pour connecter le sous-système prototype de l'E.R.D.A. au foyer du four, pour vérifier les sous-systèmes après connexion, pour effectuer les essais et pour assurer le fonctionnement général des installations du C.N.R.S., selon les besoins. Les essais comprenant l'utilisation

du four solaire de 1000 KW du C.N.R.S. pour les expériences sont de la responsabilité du personnel du C.N.R.S.

4. Dans la mesure du possible et d'une manière compatible avec une saine gestion et avec la sécurité du fonctionnement, les plans d'installation, les programmes de vérification et d'essai, ainsi que les modifications au projet, seront établis et appliqués par contact direct ou par échange entre les scientifiques concernés représentant l'E.R.D.A. ou ses contractants et le C.N.R.S. ou ses représentants désignés. Il est reconnu que les composants, les sous-systèmes ou les systèmes fournis par l'E.R.D.A. pour les essais, ainsi que les modalités d'essai elles-mêmes, doivent satisfaire aux dispositions de sécurité en vigueur dans les installations.

5. En cas de désaccord sur le plan ou sur les modifications susceptibles d'être apportées aux sous-systèmes de la maquette d'essai, le Comité commun s'efforce de dégager une solution recueillant l'assentiment des parties.

6. Le Comité commun vérifie les conditions de sécurité et le fonctionnement des installations d'essai du C.N.R.S., ainsi que les composants, les sous-systèmes ou les systèmes fournis par l'E.R.D.A. pour les essais, et fait toutes les recommandations qu'il juge nécessaires.

En cas d'accident mettant en jeu soit les installations du C.N.R.S., soit les composants, sous-systèmes ou systèmes fournis par l'E.R.D.A. pour les essais, soit à la fois les installations du C.N.R.S. et lesdits composants, sous-systèmes ou systèmes de l'E.R.D.A. le Comité commun cherche à établir des conclusions quant aux responsabilités et transmet les conclusions au C.N.R.S. et à l'E.R.D.A. Nonobstant la disposition précédente de la présente section III sous-section A paragraphe 6, C.N.R.S. assume la responsabilité pour le fonctionnement en sécurité des installations d'essai et accepte d'indemniser l'E.R.D.A. pour tout dommage [*liability*] résultant du fonctionnement des installations d'essais;

— étant entendu que ladite indemnisation ne joue pas au cas où le dommage résulte de la non-conformité d'un composant, sous-système ou système fourni par l'E.R.D.A. aux spécifications techniques requises pour son utilisation dans les installations d'essai et auxquelles l'E.R.D.A. a accepté de se conformer;

— étant entendu également que l'E.R.D.A. assume la responsabilité de la non-conformité de tout composant, sous-système ou système fourni par elle aux spécifications techniques requises pour son utilisation dans les installations d'essai et auxquelles l'E.R.D.A. a accepté de se conformer et que l'E.R.D.A. accepte d'indemniser le C.N.R.S. pour tout dommage qui peut résulter du fait d'une telle non-conformité d'un composant, sous-système ou système fourni par l'E.R.D.A.;

— et étant entendu également, que ni le C.N.R.S., ni l'E.R.D.A. n'assume une telle responsabilité ni n'accepte une telle indemnisation pour tout dommage qui s'est produit dans des circonstances où il est

impossible de déterminer si le fait générateur du dommage a été causé par le fonctionnement des installations d'essai ou par la non-conformité d'un composant, sous-système ou système fourni par l'E.R.D.A., aux spécifications techniques requises pour son utilisation aux installations d'essai et que l'E.R.D.A. a acceptées.

7. Les membres du Comité commun cherchent à être disponibles pour des consultations au moins par téléphone immédiatement avant la période d'essais, et pendant celle-ci.

8. Les parties conviennent de partager l'effort et le coût des activités approuvées en se chargeant des frais de leur participation aux activités réalisées dans le cadre du présent protocole. Toutefois, cette disposition n'implique pas une stricte égalité dans les apports de fonds, de main-d'oeuvre ou d'installations; elle ne nécessite pas non plus des procédures comptables communes.

9. Dans les quatre mois qui suivent l'achèvement ou l'arrêt des essais, un rapport conjoint doit être préparé sur le résultat des essais. Chaque partie peut se décharger de son obligation de participer à la préparation de ce rapport sur des personnes agissant en son nom.

B - DONNÉES

1. Les résultats scientifiques et techniques, l'information et les résultats des activités du programme énoncées à la section III sous-section A sont à la libre disposition de l'E.R.D.A. et du C.N.R.S. pour leur propre usage et pour celui de tout tiers que chaque partie juge approprié.

2. Chaque partie est autorisée à diffuser ces données sous la forme de publications dans des revues scientifiques ou par tous les autres moyens habituels à la communauté scientifique.

3. La présente sous-section B ne s'applique qu'aux informations et données scientifiques et techniques non soumises aux dispositions de la section III, sous-section C, ci-dessous.

C. INVENTIONS

1. Il est reconnu que les installations du C.N.R.S. utilisées pour les essais et les évaluations actuels à Odeillo ont été créées par le C.N.R.S. et que le bouilleur à cavité/surchauffeur à tester a été créé par l'E.R.D.A. En ce qui concerne ces installations et ce sous-système, le présent protocole n'affecte pas les droits existants entre les parties pour les inventions conçues ou mises en premier réellement en pratique préalablement au présent protocole.

2. En ce qui concerne toutes les inventions ou découvertes faites ou conçues par l'une des parties ou son contractant dans le cadre ou pendant la réalisation du programme de coopération tel que défini aux paragraphes 1, 2 et 3 de la section II du présent protocole, les droits sur les inventions et les brevets sont dévolus conformément aux principes suivants:

a) Chaque partie détermine la dévolution des droits de ces inventions dans son propre pays.

b) En ce qui concerne le droit de faire breveter dans des pays tiers des inventions faites à l'occasion de cet échange:

- i) le C.N.R.S. dispose de ce droit pour les inventions concernant le système d'installations du C.N.R.S. et ses composants
- ii) l'E.R.D.A. dispose de ce droit pour les inventions concernant le sous-système de bouilleur à cavité/surchauffeur, et tout autre sous-système ou composant créé et fourni par l'E.R.D.A. au C.N.R.S. pour les essais.

c) La partie qui détient un brevet d'une invention visée dans cette section III, sous-section C, paragraphe 2 donne licence des brevets aux nationaux de l'autre partie à la demande de cette autre partie dans des termes et des conditions non discriminatoires. Lors d'une telle demande l'autre partie est informée de toute licence dudit brevet déjà accordée.

3. Les parties signataires de ce protocole veillent à ce que leurs inventeurs apportent la coopération nécessaire pour l'application des dispositions des paragraphes 1 et 2 ci-dessus.

4. Chaque partie signataire de ce protocole assume la responsabilité de payer les indemnités ou les compensations devant être payées aux citoyens de son propre pays en vertu de ses propres lois.

5. La divulgation d'inventions faite par l'une des parties à l'autre pendant les échanges et les examens techniques doit demeurer confidentielle pendant la période nécessaire au dépôt des demandes de brevets dans le pays de chacune des parties.

6. Le Comité commun institué à la section III, sous-section A, ci-dessus est chargé de coordonner les questions et de régler les litiges résultant de l'application des paragraphes 1 et 2 ci-dessus.

7. Dans cette section III, sous-section C, le terme "parties" désigne également toute agence gouvernementale associée chargée de détenir les brevets pour le compte d'une partie.

D. DISPONIBILITE DES FONDS

Les obligations des parties sont subordonnées aux possibilités de dégager les crédits, qui leur sont accordés conformément aux lois applicables en l'espèce.

E. DISPOSITIONS FINALES

1. Le présent protocole prend effet après signature par les représentants dûment autorisés de chacune des parties et reste en vigueur pendant une durée de deux ans à compter de la date de signature.

2. Par consentement mutuel des parties, le présent protocole peut être renouvelé pour des périodes de temps additionnelles et peut être modifié à tout moment.

3. La dénonciation, l'annulation, la fin ou l'amendement du présent protocole peut, si les parties en conviennent, ne pas affecter la poursuite de tout programme ou essai en cours et entrepris en accord avec le présent protocole et qui n'est pas totalement achevé à l'époque.

4. En cas de désaccord sur l'interprétation ou sur l'application des dispositions du présent protocole qui ne serait pas réglé par le Comité commun, le C.N.R.S. et l'E.R.D.A. se consultent afin de résoudre le litige à l'amiable avant de porter le désaccord devant la juridiction compétente.

5. Les parties conviennent qu'aucune information à diffusion restreinte n'est transmise dans la cadre du présent protocole.

EN FOI DE QUOI les parties ont signé le présent protocole le 7 mai 1976.

POUR L'AGENCE POUR LA
RECHERCHE ET
LE DEVELOPPEMENT
DE L'ENERGIE

ROBERT L. HIRSCH
Robert L. Hirsch
Assistant Administrator

POUR LE CENTRE NATIONAL
DE LA
RECHERCHE SCIENTIFIQUE

BERNARD GREGORY

Bernard Gregory
Directeur General

PIERRE CREYSEL
*Directeur Administratif
et Financier*

[RELATED LETTER]

CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE
15, QUAI ANATOLE FRANCE 75700 PARIS

le 7 MAI 1976

UNITED STATES ENERGY RESEARCH AND
DEVELOPMENT ADMINISTRATION
WASHINGTON D.C. 20545

MESSIEURS,

Nous nous référons au protocole d'accord de coopération pour la recherche en commun de systèmes de conversion thermique de l'énergie solaire entre l'Agence pour la Recherche et le Développement de l'Énergie des États-Unis (E.R.D.A.) et le Centre National pour la Recherche Scientifique français (C.N.R.S.) qui a été signé le 7 mai 1976.

Comme suite aux entretiens entre l'E.R.D.A. et le C.N.R.S., nous vous prions de bien vouloir nous confirmer que, pour l'application de la Section III sous section C, Paragraphe 2(c) du protocole d'accord, les parties conviennent que par les termes "nationaux de l'autre partie" il faut entendre: -toute personne physique de même nationalité que l'autre partie ou -toute personne morale, société ou autre, régie

par le droit de l'autre partie, ou par le droit de tout État ou autre subdivision politique de l'État de l'autre partie.

Si ce qui précède reflète fidèlement l'interprétation que vous donnez des termes en question, nous vous serions reconnaissance de bien vouloir nous l'indiquer en apposant votre signature ci-dessous et en nous retournant un exemplaire de cette lettre.

Veuillez agréer, Messieurs, notre considération distingué.

Centre National pour la
Recherche Scientifique

BERNARD GREGORY

Par PIERRE CREYSEL'

Lu et approuve:

United States Energy Research
and Development Administration

Par ROBERT L. HIRSCH

English Text of the French Letter

CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE
15. QUAI ANATOLE FRANCE 75700 PARIS

MAY 7, 1976

United States Energy Research and
Development Administration
Washington D.C. 20545

DEAR SIRS,

Reference is made to a memorandum of understanding between the United States Energy Research and Development Administration ("ERDA") and the French National Center for Scientific Research ("CNRS") for cooperation in joint research on solar thermal conversion systems, executed May 7, 1976.

In accordance with discussions between ERDA and CNRS, we would appreciate your confirmation that, for purposes of Section III subsection C, Paragraph 2 (c) of the memorandum of understanding, the parties will consider the phrase "nationals of the other Party" to mean (i) any individual citizen of the country of the other Party or (ii) any incorporated or unincorporated organization which is organized under the laws of the country of the other Party, or under the laws of any state or other political subdivision of the country of the other Party.

If the foregoing properly expresses your understanding as to this phrase, would you please so indicate by signing below and returning one copy of this letter to us.

Very truly yours,

French National Center
for Scientific Research

BERNARD GREGORY

Par PIERRE CREYSSEL

Agreed to:

United States Energy Research
and Development Administration

Par ROBERT L. HIRSCH

EGYPT

Agricultural Commodities

Agreement amending the agreement of October 28, 1975, as amended.

Effectuated by exchange of notes

Signed at Cairo September 28 and 29, 1976;

Entered into force September 29, 1976.

The American Charge d'Affaires ad interim to the Egyptian Minister of Commerce and Supply

CAIRO, EGYPT, September 28, 1976

EXCELLENCY:

I have the honor to refer to the Title I Public Law 480 Agricultural Sales Agreement signed by representatives of our two Governments on October 28, 1975, as amended March 6, May 4 and June 14, 1976,^[1] and to propose that the Agreement be further amended as follows:

Part II, Item I, Commodity Table:

Under the appropriate columns: (1) For Wheat/Wheat Flour delete "1976 plus July 1 through September 30, 1976", "750,000", and "104.8" and insert "1976 plus July 1 through December 31, 1976", "850,000" and "120.2"; and (2) under Maximum Export Market Value, at the line designated as the total delete "\$202.9", and insert "\$218.3".

Part II, Item III, Usual Marketing Table:

Under the column headed "Import Period", wheat/wheat flour delete "1976 plus July 1 through September 30, 1976" and insert "1976 plus July 1 through December 31, 1976".

Part II, Item IV, Export Limitation:

Delete the language in Paragraph A. in its entirety and insert "The export limitation period for wheat and/or wheat flour shall be Fiscal Year 1976 plus July 1 through December 31, 1976, and for tobacco and/or tobacco products shall be Fiscal Year 1976 plus July 1 through September 30, 1976, or any subsequent Fiscal Year

¹ TIAS 8201, 8259; 26 UST 2928; 27 UST 1505.

during which commodities financed under this Agreement are being imported or utilized".

All other terms and conditions of the October 28, 1975 Agreement, as amended March 6, May 4, and June 14, 1976, remain the same.

I propose that this Note and your reply concurring therein constitute an agreement between our two Governments to be effective on the date of your Note in reply.

Accept, Excellency, the assurance of my highest consideration.

H. FREEMAN MATTHEWS, JR.

H. Freeman Matthews, Jr.

*Charge d'Affaires ad interim
of the United States of
America.*

His Excellency

ZAKARIA M. T. ABDUL FATAH

*Minister of Commerce and Supply
Cairo.*

*The Egyptian Minister of Commerce and Supply to the American
Chargé d'Affaires ad interim*

ARAB REPUBLIC OF EGYPT

MINISTRY OF SUPPLY

Office of the Minister

الوزير المسؤول
وزارة التموين
نائب الوزير

September 29, 1976

Excellency:

I have the honor to acknowledge receipt of your Note of September 28, 1976, which reads as follows:

"I have the honor to refer to the Title I Public Law 480 Agricultural Sales Agreement signed by representatives of our two Governments on October 28, 1975, as amended March 6, May 4 and June 14, 1976, and to propose that the Agreement be further amended as follows:

Part II, Item I, Commodity Table:

Under the appropriate columns: (1) For Wheat/Wheat Flour delete "1976 plus July 1 through September 30, 1976", "750,000", and "104.8" and insert "1976 plus July 1 through December 31, 1976", "850,000" and "120.2"; and (2) under Maximum Export Market Value, at the line designated as the total delete "\$202.9", and insert "\$218.3".

Part II, Item III, Usual Marketing Table:

Under the column headed "Import Period", for wheat/wheat flour delete "1976 plus July 1 through September 30, 1976" and insert "1976 plus July 1 through December 31, 1976".

His Excellency

H. Freeman Matthews, Jr.

Charge d'Affaires ad interim of the

United States of America

Cairo.

TIAS 8654

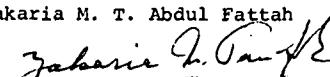
Part II, Item IV, Export Limitation:

Delete the language in Paragraph A. in its entirety and insert "The export limitation period for wheat and/or wheat flour shall be Fiscal Year 1976 plus July 1 through December 31, 1976, and for tobacco and/or tobacco products shall be Fiscal Year 1976 plus July 1 through September 30, 1976, or any subsequent Fiscal Year during which commodities financed under this Agreement are being imported or utilized".

All other terms and conditions of the October 28, 1975 Agreement, as amended March 6, May 4, and June 14, 1976, remain the same."

I have the honor to inform Your Excellency that the terms of the foregoing Note are acceptable to the Government of the Arab Republic of Egypt and that the Government of the Arab Republic of Egypt considers your Excellency's Note and the present reply as constituting an agreement between our two Governments on this subject, to enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

Zakaria M. T. Abdul Fattah

Minister of Commerce and Supply

MULTILATERAL

Atomic Energy: Research Participation and Technical Exchange in Loss of Fluid Test (LOFT) Program

*Agreement opened for signature September 15, 1976;
Entered into force October 20, 1976.*

AGREEMENT
ON RESEARCH PARTICIPATION AND TECHNICAL EXCHANGE
BETWEEN
THE UNITED STATES NUCLEAR REGULATORY COMMISSION (USNRC)
AND THE
NORDIC GROUP (FORSGOGSANLAEG RISO, DENMARK;
VALTION TEKNILLINEN TUTKIMUSKESKUS, FINLAND; INSTITUTT
FOR ATOMENERGI, NORWAY AND AB ATOMENERGI, SWEDEN)
IN
THE USNRC LOFT RESEARCH PROGRAM AND THE NORDIC NORHAV PROJECT
COVERING A FOUR YEAR PERIOD

Whereas, the United States Nuclear Regulatory Commission (USNRC) and the Nordic Group

- (a) have a mutual interest in cooperation in the field of reactor safety research, and
- (b) have as a mutual objective improving and thus ensuring the safety of reactors on an international basis;
- (c) have as a mutual objective the achievement of full reciprocity in the exchange of technical information in the field of reactor safety research, and
- (d) recognize that they are participants in the cooperative programs on reactor safety research of the International Energy Agency (IEA), as defined in the Article IV of the Guiding Principles for Cooperation in the field of Energy Research and Development, agreed upon by the IEA Governing Board, and
- (e) have an interest in applying the rights of the participants with respect to intellectual property consistent with Article VI of the Guiding Principles for Cooperation in the Field of Energy Research and Development.
- (f) have expressed their intention to participate cooperatively in the USNRC-funded Loss of Fluid Test (LOFT) research program and in the Nordic Group-funded Norhay project. The LOFT program is performed at the Idaho National Engineering Laboratory, owned by the United States Government and operated under contractual arrangement for the U.S. Energy Research and Development Administration (USERDA). The Norhay project is performed in the Nordic countries under contractual arrangement between Nordic participants to the Nordic Group.

NOW, THEREFORE, the USNRC and the Nordic Group do hereby mutually agree as follows:

ARTICLE I - PROGRAM COOPERATION

1. The USNRC and the Nordic Group will join together, in accordance with the provisions of this agreement, for cooperative research in the USNRC Loss of Fluid Test (LOFT) program as described in the LOFT PROGRAM DESCRIPTION (LPD-1, October 1974) and in the Nordic Norhav project as described in Appendices A and B for this period of four years beginning upon execution of this agreement.

ARTICLE II - SCOPE OF AGREEMENT

A. Scope of Responsibility - USNRC

1. The USNRC agrees to provide the necessary personnel, materials equipment, and services in order that the LOFT research program may be carried out as described in the LOFT PROGRAM DESCRIPTION (LPD-1, October 1974), as amended, subject to the availability of funds. It is the USNRC's intention to include in the LOFT research program a series of Loss of Coolant Experiments (LOCE) with nuclear heating as soon as technically feasible following the nonnuclear LOCEs, subject to the availability of funds.
2. The USNRC agrees to permit the Nordic Group to assign up to three mutually agreed upon technical experts to the LOFT Program for participation in the conduct and analysis of program experiments.
3. In addition, the USNRC agrees to permit the Nordic Group to assign one technical expert as a consultant to the LOFT program review group which will periodically review the status of the present program and future program planning. Consultants to the LOFT program review group shall have the prerogative of attending and fully participating in review group meetings and transmitting views and comments on technical aspects of the program to program management.
4. The USNRC agrees to grant the Nordic Group and its assignees access, to the maximum extent authorized by the law of the United States, to all experimental data and results of analyses generated by the LOFT program during the period of this agreement.

TIAS 8655

5. The USNRC agrees to provide the Nordic Group access as necessary to operational computer codes developed to analyze experimental data generated by the LOFT program to the maximum extent permitted by the law of the United States, except for proprietary codes and data unless authorized by the owner.
6. The USNRC agrees to bear the total costs of transportation, living expenses and any other costs arising from its participation in the Norhav project under this agreement.

B. Scope of Responsibility - Nordic Group

1. The Nordic Group, as a contribution for the technical benefits received by participation in the USNRC LOFT research program and receipt of information under this agreement, agrees to provide research information, computer codes and analysis of experiments developed under the Norhav project, as described in Appendices A and B, subject to the availability of funds. The Nordic Group agrees to allocate, within the Norhav project, 6 man years annually for the period of the agreement to perform technical work designed for the USNRC programs as expressed in Appendix A.
2. The Nordic Group agrees to permit the USNRC to assign up to three mutually agreed upon technical experts to the Norhav project for participation in the code development and analysis of experiments.
3. In addition, the Nordic Group agrees to permit the USNRC to assign one technical expert as a consultant to the Norhav project review group which will periodically review the status of the present group program and advise on future program planning. Consultants to the Norhav program review group shall have the prerogative of attending and fully participating in review group meetings and transmitting views and comments on technical aspects of the program to program management.
4. The Nordic Group agrees to grant the USNRC access, to the maximum extent authorized by the laws of the Nordic countries, to all results obtained from the Norhav project's analyses of information and experimentation developed under and during the period of this agreement, including computer codes used in such analyses, except for proprietary codes and data unless authorized by the owner.

5. The Nordic Group agrees to bear the total costs of transportation, living expenses and any other costs arising from its participation under this agreement, and the transport and related costs for apparatuses and other equipment furnished by the Nordic Group.

ARTICLE III - PATENTS

- A. With respect to any invention or discovery made or conceived during the period of, or in the course of or under, this agreement for Nordic Group participation in the USNRC LOFT research program, the USNRC on behalf of the United States Government, as recipient party, and the Nordic Group as assigning party, and for USNRC participation in the Norhav Project, the Nordic Group as recipient party and the USNRC as assigning party, hereby agree that:
 1. If made or conceived by personnel of one party (the assigning party) or its contractors while assigned to the other party (recipient party) or its contractors:
 - (a) The recipient party shall acquire all right, title, and interest in and to any such invention, discovery, patent application or patent in its own country and in third countries, subject to a non-exclusive, irrevocable, royalty-free license to the assigning party, with the right to grant sublicenses, under any such invention, discovery, patent application, or patent for use in the production or utilization of special nuclear material or atomic energy; and
 - (b) The assigning party shall acquire all right, title, and interest in and to any such invention, discovery, patent application in its country, subject to a non-exclusive irrevocable, royalty-free license to the recipient party, with the right to grant sublicenses, under any such invention, discovery, patent application or patent, for use in the production or utilization of special nuclear material or atomic energy.
 2. If made or conceived while in attendance at meetings or when employing information which has been communicated under this exchange arrangement by one party or its contractors to the other party or its contractors, the party making the invention shall acquire all right, title, and interest in and to any such invention, discovery, patent application or patent in all

countries, subject to the grant to the other party of a royalty-free non-exclusive, irrevocable license, with the right to grant sublicenses, in and to any such invention, discovery, patent application, or patent, in all countries, for use in the production or utilization of special nuclear material of atomic energy.

- B. Neither party shall discriminate against citizens of the country of the other party with respect to granting any license or sublicense under any invention pursuant to subparagraphs A(1) and A(2) above.
- C. Each party waives any and all claims against the other party for compensation, royalty or award as regards any such inventions or discovery, patent application, or patent, and releases the other party with respect to any and all claims, including any claims under the provisions of the U.S. Atomic Energy Act of 1954, as amended,^[1] and applicable laws of the respective countries of the Nordic Group and the Nordic Group assumes the obligation under the Nordic Group's laws insofar as the USNRC and its contractors are concerned.

ARTICLE IV - PROGRAM CHANGE OR TERMINATION

- A. If the USNRC LOFT research program is substantially increased by mutual agreement the USNRC and the Nordic Group mutually agree to consider equitable adjustments in the Nordic Group's contribution.
- B. If the LOFT research program is substantially reduced or eliminated, equitable work determined by the USNRC and the Nordic Group to be of equivalent programmatic interest will be substituted as may be mutually agreed.
- C. Upon a decision by either USNRC or Nordic Group to withdraw from this agreement, the withdrawing party shall notify the other party of the intent to withdraw at least six months prior to the date of the withdrawal.
- D. The Nordic Group is given the option to participate in the continuation of the LOFT program beyond the four year period of this agreement under mutually acceptable terms and conditions.

¹ 68 Stat. 919; 42 U.S.C. § 2011 *et seq.* [Footnote added by the Department of State.]

ARTICLE V - EXCHANGE OF SCIENTIFIC INFORMATION AND USE OF RESULTS OF PROGRAM

- A. The USNRC and the Nordic Group agree that until approval is granted by the transmitting party for publication, the information, once transmitted will be freely available to government authorities and organizations cooperating with the USNRC and the Nordic Group for their own use but not for publication. When required by administrative procedure in its own country, the USNRC and Nordic Group may on its own responsibility disseminate or otherwise make use of information received.
- B. The USNRC and the Nordic Group agree that the application or use of any information exchanged or transferred among them shall be the responsibility of the party receiving the information, and the transmitting party does not warrant the suitability of the information for any particular use or application.

ARTICLE VI - DISPUTES

- A. Any dispute between the USNRC and the Nordic Group concerning the application or interpretation of this agreement that is not settled through consultation shall be submitted to the jurisdiction of the United States federal courts. This Agreement shall be construed in accordance with the internal federal law applicable in the appropriate United States courts, to agreements to which the Government of the United States is a party.

ARTICLE VII - RELATIONS BETWEEN THE USNRC AND THE NORDIC GROUP REFERRED TO IN THIS AGREEMENT

The Nordic Group consists of four parties as listed below. This agreement shall become effective upon signature by appropriate representatives of the USNRC and the four parties which comprise the Nordic Group. The Nordic Group and the USNRC shall each appoint within 30 days after the signing of this agreement one coordinator to coordinate and implement the provisions of this agreement.

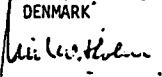
ARTICLE VIII - IEA GOVERNING BOARD

Upon signature by all parties to this agreement, the agreement will be presented to the Governing Board for information.

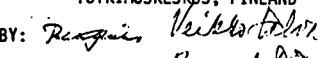
FOR: THE UNITED STATES
NUCLEAR REGULATORY COMMISSION

BY: 
TITLE: EXECUTIVE DIRECTOR FOR OPERATIONS
DATE: September 15, 1976

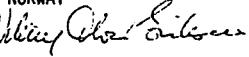
FOR: THE NORDIC GROUP

BY: 
TITLE: Managing Director
DATE: Oct 15, 1976

VALTION TEKNILLINEN
TUTKIMUSKESKUS, FINLAND

BY: 
TITLE: General Research Dir.
DATE: 1976-10-20

INSTITUTT FOR ATOMENERGI
NORWAY

BY: 
TITLE: Managing Director
DATE: October 13, 1976

AKTIEBOLAGET ATOMENERGI
SWEDEN

BY: 
TITLE: President
DATE: Oct. 1, 1976

APPENDIX A

(SCOPE OF WORK)

Project Title: Assistance in LOCA Analysis Development

Man Years:

6 man-years per year, for the duration of NRC/Nordic Group agreement.

Scope:

1. General: To assist NRC/WRSR in the development of the Best Estimate computer codes, useful for analysis of experiments such as LOFT, PBF, and TLTA.
2. Near Term: To develop a BWR reflood module (or subcode) that could either perform as a self-standing code through specification of the initial and the boundary conditions - coming from either the Best Estimate codes presently being developed in U.S. under NRC/WRSR sponsorship, or from the test data; or be connected with a simplified representation of the BWR system also developed by the Nordic Group. The BWR reflood description should be able to consider both the top sprays and the bottom reflood. The geometric representation is to include the whole BWR vessel and a core that features three (radial) heated regions and two bypass regions.

The Nordic Group's RHC code could provide a suitable basis for this work. In its present form this code treats only the BWR top spray reflood without considering the countercurrent flow limitation criteria. These will have to be introduced and the code extended into the bottom reflood regime, with the ability to track the time dependent location of the mixture level and of the quench front.

The treatment of heat transfer in the fuel rod (cladding, gap, fuel pellets) or in the simulated, electrically heated ("fuel rod" ought to consider all the important phenomena.

The longer range mutually acceptable work scope is to be defined later.

Relationship to Other Federally Financed Projects:

The work encompassed by this project is applicable to analyses of various tests conducted in U.S. in the field of LWR safety, such as LOFT, Semiscale, TLTA, PBF, etc. It is also supplemental to NRC sponsored work on the development of LOCA codes such as RELAP, THOR, and TRAC.

Expected Results in FY-1977:

Modeling of BWR top and bottom reflood..

APPENDIX BNORHAV

(revised programme for the Nordic contribution to the US-NRC LOFT project)

Within the NORHAV agreement a number of projects are underway in order to improve the understanding of "Loss of Coolant Accident Behavior" of a nuclear reactor system. Some projects are initiated with short time goals, others on a more long time basis.

I. LOCA "Best Estimate" Computer Programme Development

- 1) RHC and CORECOOL (a version of RHC) are core heat-up codes both for calculation of core heat-up transients and for evaluation of the performance of the spray cooling system.

The codes consist in the present version of two basic models, a fuel rod model and a model for the two-phase flow in the system. The two-phase flow model is based on the solution of the conservation equations for mass, momentum and energy. The two phases are treated separately and physical models and correlations are developed for the interchange of mass, momentum and energy. Thermodynamic equilibrium is not assumed. The coupling between the fuel rod model and the two-phase flow model consists of a number of physical models and correlations for the heat transfer including conduction, convection and thermal radiation. The heat transfer covers conduction in droplets and films, convection from superheated steam to droplets, convection from a surface to superheated steam and convection from a surface to a falling film. Sputtering heat transfer is calculated as a two-dimensional heat conduction problem. Thermal radiation between surfaces and channel with anisotropical reflection and radiation to the two-phase mixture in the bundle, steam and droplets, is taken into account. Determination of CCFL-phenomena will also be included in the codes.

The aim of the core heat-up work is to develop a model which is based on a physical approach, and not on gross-system dependent empirical correlations. This approach, besides giving a better understanding, makes the model more system independent. The development of a reflooding version of the programme is initiated recently.

- 2) NORA is a general purpose computer programme for the analysis of pressure-, temperature- and mass flow transients in a mixture of air, steam and water flowing through a system of pipes.

The following equations are applied: Continuity of mass for each component (i.e., three eqs.). Two energy equations, one for each phase. One momentum equation for the mixture plus slip correlations. The equation of state for air and superheated steam.

Table values are used to calculate properties of water and saturated steam. The flow equations describe one-dimensional flow.

The equations for continuity of mass and energy and the state equations for gas and steam are combined to give a set of differential equations for steam pressure, air pressure, water temperature and steam/air temperature. The exchange of mass and energy between the liquid and gas phases is governed by semi-empirical correlation. Critical flow due to pipe breaks, sudden expansion etc., are treated assuming that the flow velocity at these locations cannot exceed the velocity of sound for infinite frequency, based on local flow condition.

The programme will include such features as water levels, walls simulating structure as well as heat exchangers, accumulators represented by pipes and specified by their initial water and gas contents, a pressurizer described by a pipe with heat input and spray, fuel with point kinetics and decay heat, electrical heaters, valves and pumps with their different characteristics.

The NORA program will be able to simulate a large variety of designs such as primary reactor systems, containments, and blowdown experiments.

- 3) The TINA is a transient subchannel code describing the conditions in the reactor core during blowdown. The hydraulic part of TINA treats sonic effects, slip between the two phases and non-equilibrium of the water phase. The program handles flow reversal and can accept any boundary condition which is physically conceivable. The hydraulics are coupled to a simple one-dimensional model for the transient temperature distribution in the fuel. The numerical solution procedure is implicit and allows large time steps.

The present version of TINA treats only two modes of heat transfer (non-boiling and boiling). The program will be extended to cover the post burnout range, taking into account steam superheat, radiation heat transfer, etc. Also, reflooding calculations will be included. The fuel model will be extended to handle cladding failures. A simple reactor physics model will also be included.

The TINA code must in the present form be coupled to a general system code which, e.g., may be a loop code or the NORA code.

- 4) The future work will also include development of computer models for "small breaks" and "cladding failure."

II. WREM-Development and Application

- 1) The work in LOCA analysis development and verification which is based on the WREM-package will be included in the NORHAV-cooperation.

The work will be carried out in close cooperation between the responsible organizations. Regular semiannual WREM-development review meetings will be held with participation of NRC and NRC's contractors for exchange of results and discussion of development plans.

The work will be concentrated on the verification of WREM and its adaptation to reactor systems for interest to the Nordic countries with the aim of obtaining the knowledge necessary to use the WREM for licensing calculations.

Detailed working plans will be formulated after discussions with NRC, since the development plans of NRC must be considered in this context.

- 2) Participation in the standard problem exercises which allow meaningful comparison with WREM-calculations.

Comparison with LOFT-experiments. This work will be coordinated with the corresponding NRC-directed efforts.

III. Experimental Investigations

- 1) Spray-Cooling Experiments for BWR

Objective: Determination of heat transfer coefficients and the channel wetting time for conditions typical of ASEA-ATOM BWRs during top spray cooling.

Working plan: Experiments will be made with an electrically heated 64-rod bundle for different pressures (up to 25 bar), initial power, initial temperatures, spray flow and steam venting paths.

Convective heat transfer coefficients and the channel wetting time will be evaluated from the measured cladding and channel temperature responses.

Status: 17 experiments of 55 planned have been completed. Preliminary data for heat transfer coefficients indicate lower values than from BWR-FLECHT SS2N measurements.

2) CCFL-experiments

Objective: Determination of CCFL characteristics of the spray cooling loop with test assembly in position.

Working plan: Adiabatic experiments will be made with spray flows in the range 0.1 - 0.2 kg/s and upward steam flow from an external source of 0.02 - 0.10 kg/s. Experiments will be made in the pressure range 1-10 bar and with steam superheating up to 150°C.

The spray flow reaching the bottom of the test vessel will be measured together with the steam flows in and out and the water flow from the steam dryer at the top.

The data will be used to determine the fraction of the spray flow which penetrates into the test assembly.

Status: Test programme and experimental equipment will be finalized in February 1976. Testing and evaluation will be finished by March 1976.

3) Reflooding Experiments for BWR

Objectives:

- Determination of heat transfer coefficients and the channel wetting time for conditions typical of ASEA-ATOM BWRs during bottom flooding and combined top spray and bottom flooding.

- To determine the effective reflooding rate for bottom flooding/combined top spray and bottom flooding in a system simulating the ASEA-ATOM BWR for conditions typical of that reactor type.

Working plan: All the experiments will be made with an electrically heated 64-rod bundle for different pressures (up to 25 bar), initial power, initial temperatures, spray flow and steam venting paths.

After 20 experiments with a forced flooding rate the 1bop will be rebuilt to simulate the ASEA-ATOM reactor system. An additional 20 experiments will then be made with different ECC injection and with the flooding rate governed by the systems effects.

Convective heat transfer coefficients and the channel wetting time will be evaluated from the measured cladding and channel temperature responses. In the systems effects tests the effective flooding rate will be evaluated from inlet differential pressure measurements.

Status: Preliminary planning stage. Final planning and equipment installation will be finished by June 1976. Experiments with a forced flooding rate will start after July 1976.

IV. Budget for the NORHAV Project for the Period 1976-1980 Including the Contribution to the Work Described in Appendix A

Yearly Contribution to NORHAVA ^{a)} manyear/year	Average Yearly Computer Cost K \$/year ^{c)}	Total Cost K \$ ^{b)}
20	500	7000

a) Excluding experimental work

b) Including experimental work

c) In 1976 cost level

PANAMA
Water Supply System

*Agreement signed at Panamá May 6, 1969;
Entered into force May 6, 1969.
And amending agreements
Signed at Panamá September 30, 1971;
Entered into force September 30, 1971.
And signed at Panamá June 2, 1976;
Entered into force June 2, 1976.*

A.I.D. Loan Number 525-L-028

**LOAN AGREEMENT
BETWEEN
REPUBLIC OF PANAMA
INSTITUTO DE ACUEDUCTOS Y ALCANTARILLADOS
NACIONALES
AND THE
UNITED STATES OF AMERICA
FOR
PANAMA CITY WATER SUPPLY SYSTEM**

Dated 6 MAY 1969

Loan agreement dated May 6, 1969 between the INSTITUTO DE ACUEDUCTOS Y ALCANTARILLADOS NACIONALES, an autonomous agency of the Government of the Republic of Panama ("Borrower"), the REPUBLIC OF PANAMA ("Government"), 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,^[1] an amount not to exceed Fifteen Million United States Dollars (\$15,000,000) ("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 United States dollar costs of goods and services required for the Project ("Dollar Costs") and local currency costs of goods and services required for the project ("Local Currency Costs"). The aggregate amount of disbursements under the Loan plus interest capitalized in accordance with Section 2.01 is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Project shall consist of two elements: first, the design and Construction by borrower of a new water supply system for Panama City with a normal capacity of 56 million gallons daily (MGD) ("Water System"); secondly, studies to be conducted by qualified consultants of the rates, organization, administration, and operations of Borrower and implementation by Borrower of the recommendations contained therein. The project is more fully described in Annex I, attached hereto, which Annex may be modified in writing by mutual consent of the parties hereto.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of three and one-half percent (3½%) per annum on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04), and shall be computed on the basis of a 365-day year. For a period of four and one half years from the date of first disbursement hereunder, interest payments shall not be made by Borrower but all interest accrued (computed in accordance with this Section) shall be capitalized and added to Principal. Thereafter, interest on the total outstanding balance of Principal (including

¹ 75 Stat. 424; 22 U.S.C. §2151 note.

capitalized interest shall be payable semiannually. The first payment of interest shall be due and payable no later than five (5) years 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 thirty (30) years from the date of the first disbursement hereunder in fifty-one (51) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable on the same 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. Special Payment Procedure.

- (a) If prior to the date when the first interest payment is due, A.I.D. notifies Borrower in writing that the Government of the Republic of Panama ("Government") has elected to use the Special Payment Procedure described in this Section, Borrower, until A.I.D. gives notice otherwise, shall discharge its obligations to make payments pursuant to this Article, and, if A.I.D. so directs, pursuant to Section 8.02, by making all such payments in accordance with the terms of this Agreement to Government in balboas (rather than to A.I.D. in dollars), the applicable exchange rate to be the lowest rate at which Borrower, on the date of payment in balboas to Government, could have lawfully purchased dollars to meet its obligation to pay interest and principal to A.I.D. in dollars had it been discharging its obligation by direct payment of A.I.D.
- (b) In the event of election of Special Payment Procedure under a Special Payment Agreement between the Government and A.I.D., the Government shall, subject to the terms of such Agreement, pay to A.I.D.:
 - (1) 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 by Borrower to Government, as follows:
 - (i) All interest immediately upon receipt from Borrower subject to Government's right to retain all such 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 Agreement ("Government Grace Period") and all payments in excess of two and one-half (2½) percent per annum thereafter.
 - (ii) Principal within forty (40) years from the date of the first disbursement under the Loan Agreement in sixty-one (61) approximately equal semi-annual

installments of principal and interest, the first of which installments shall be payable five (5) years after the date on which the first interest payment is due in accordance with Section 2.01.

- (2) Interest in United States dollars of two (2) percent per annum during the Government Grace Period, and two and one half (2½) percent per annum thereafter on all amounts of outstanding principal paid by Borrower to Government from the respective dates of such payments of principal.
- (c) Receipt by borrower of notice of election pursuant to this Section shall not terminate those payment obligations of Borrower to A.I.D. under this Agreement which have not been discharged in accordance with the terms of this Section nor the rights of A.I.D. with respect thereto nor any other rights of A.I.D. under this Agreement.

SECTION 2.04. 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 Panama, and shall be deemed made when received by the Office of the Controller.

SECTION 2.05. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.06. 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 Bogota [¹] and the Charter of Punta del Este [²] to forge an Alliance for Progress, the Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, and acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower taking into consideration the relative capital requirements of the Republic of Panama and of the other signatories of the Act of Bogota and the Charter of Punta del Este.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement. Prior to the first disbursement or to the issuance of the first commitment document under the Loan Agreement, the Borrower or the

¹ Department of State Bulletin, Oct. 3, 1960, p. 537.

² Department of State Bulletin, Sept. 11, 1961, p. 463.

Government, as appropriate shall, except as Borrower and A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to Borrower and A.I.D.:

A. Borrower

- (1) An opinion, satisfactory to A.I.D., of the Attorney General of the Government, stating that Borrower is an autonomous agency of Government, that it is empowered to enter into this Agreement and undertake all actions contemplated hereunder, that this Agreement has been duly authorized and executed in accordance with all necessary action of Borrower, and that it constitutes a valid and legally binding obligation of Borrower in accordance with all of its terms.
- (2) A statement by the Attorney General of the Government of the names of the persons holding or acting in the office of Borrower and the office of Government specified in Section 10.02 and a specimen signature of each person specified in such statement.
- (3) Evidence of a contract with an engineering firm, satisfactory to Borrower and A.I.D., for the preparation of final designs, specifications, invitations for bid and construction supervision for the Water System.
- (4) Evidence of a commitment that Borrower will obtain with funds other than those provided under the Loan, in accordance with a time schedule satisfactory to A.I.D., any real property rights including easements and rights of way required for the construction of the Water System. The said commitment shall include an opinion, satisfactory to A.I.D., of the Attorney General of the Government, indicating that Borrower has the legal power to acquire the required property rights, if necessary, by eminent domain, equivalent legal procedures or otherwise and that the said property rights may be obtained by said procedures in a time frame which will permit the prompt construction of the Water System.
- (5) Evidence of a commitment that the full amount of Borrower's local currency contribution to the Project, eight million dollars (\$8,000,000) equivalent, will be made available on a timely basis in order to assure the prompt implementation of the Project.

B. Government

- (1) Evidence including amounts, timing and proposed source of funds, that it will make available to Borrower all local currency funds and other resources required by Borrower in order to assure the prompt implementation of the Project.
- (2) An opinion, satisfactory to A.I.D., of the Attorney General

of the Government, that this Agreement, including the guaranty of Government contained in Article IX hereof has been duly authorized or ratified by, and executed on behalf of Government, and that it constitutes a valid and legally binding obligation of Government in accordance with all of its terms.

SECTION 3.02. Additional Conditions Precedent to Disbursement for Management Consulting Services. Prior to any disbursement or to the issuance of any commitment document for Management Consulting Services, the Borrower shall, except as Borrower and A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to Borrower and A.I.D.:

- (1) Evidence of contractual arrangement for a study of Borrower's water rates by a qualified firm or institution satisfactory to Borrower and A.I.D.:
- (2) Evidence of contractual arrangements for a study of Borrower's organization, administration and operations by a qualified firm or institution satisfactory to Borrower and A.I.D.

SECTION 3.03. Conditions Precedent to Disbursement for Other Than Engineering and Management Consulting Services. Prior to any disbursement or to the issuance of any commitment document for other than Engineering and Management Consulting services, Borrower shall, except as Borrower and A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to Borrower and A.I.D.:

- (1) Final design, plans and specifications, bid documents, cost estimates, and a time-phased construction schedule for construction of the Water System to be financed hereunder.
- (2) Evidence that Borrower has taken action, to the extent of its legal capacity, to comply with the recommendations contained in the completed study of Borrower's water rates together with a commitment that Borrower will promptly implement recommendations of the study for future action;
- (3) Evidence that Borrower has taken action, to the extent of its legal capacity, to comply with the recommendations contained in the completed study of Borrower's organization, administration and operations, together with a commitment that Borrower will promptly implement recommendations of the study for future action;
- (4) A detailed operating and maintenance program and budget, ready for implementation, for the entire water supply system serving the City of Panama including provision for necessary skilled staff and training of additional staff as may be required, and for equipment and material maintenance and replacement.

- (5) Evidence of an agreement with the Panama Canal Company for the right of way on and use of Canal Zone area and for the use of Madden Lake water to the extent necessary for this Project and projected expansions;
- (6) Evidence that Borrower has obtained all real property rights, including easements and rights of way, required for the construction and operation of the Water System;
- (7) A written understanding with the Panama Canal Company setting forth, among other things, the annual quantity and cost of water to be made available to Borrower from the Miraflores system up to the 1988-1990 period;
- (8) A contract with a firm, satisfactory to Borrower and A.I.D., for construction services.

SECTION 3.04. Terminal Dates for Meeting Conditions Precedent to Disbursement.

- (1) If all of the conditions specified in Section 3.01 shall not have been met within 210 days from the date of this Agreement, or such later date as Borrower and A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.
- (2) If all of the conditions specified in Section 3.02 shall not have been met within 210 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., at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.
- (3) If all of the conditions specified in Section 3.03 shall not have been met within thirty-two (32) months from the date of this Agreement, or such later date as Borrower and A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.05. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01 and, as the case may be, 3.02 and 3.03 have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

- (1) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, and management practices. In this connection, the Borrower shall at all times employ suitable qualified and experienced consultants to be professionally responsible for the design and execution of the project and suitably qualified and competent construction contractors for construction of the Water System.
- (2) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.

SECTION 4.02. Funds and Other Resources to be Provided by Borrower. The Borrower or Government shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out, maintenance, operation and repair of the Project.

SECTION 4.03. Continuing Consultation. The Borrower and A.I.D. shall assist each other and 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 view through their representatives with regard to the progress of the Project, the performance by the Borrower and A.I.D. of their obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

SECTION 4.04. Management. The Borrower shall provide qualified and experienced management and staff for the Project and it shall train such staff as may be appropriate for the maintenance and operation of the Project in accordance with program approved by A.I.D. pursuant to Section 3.03(4) above.

SECTION 4.05. Operation and Maintenance. The Borrower shall operate, maintain, and repair the Water System financed hereunder during the life of the Loan in conformity with sound engineering, financial, administrative and management practices and in such

manner as to insure the continuing and successful achievement of the purposes of the Project.

SECTION 4.06. 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 Panama. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the Republic of Panama, the Government shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same with funds other than those provided under the Loan.

SECTION 4.07. Utilization of Goods and Services.

- (1) Goods and services financed under the Loan shall be used exclusively for the Project, except as Borrower and A.I.D. may otherwise agree in writing.
- (2) Except as Borrower and 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 4.08. Disclosure of Material Facts and Circumstances.

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

SECTION 4.09. Commissions, Fees, and Other Payments.

- (1) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Bor-

rower 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 Borrower or A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

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

SECTION 4.10. 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:

- (1) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (2) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (3) the basis of the award of contracts and orders to successful bidders; and
- (4) the progress of the Project.

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

SECTION 4.11. Reports. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may request.

SECTION 4.12. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Water System, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any of Borrower's facilities for any purpose relating to the Loan.

ARTICLE V

Special Covenants and Warranties

SECTION 5.01. Special Covenants and Warranties. Until final performance by all parties to this Agreement of all other obligations

contained herein, and unless A.I.D. and Borrower shall otherwise agree in writing, Borrower further covenants that:

- (1) It will implement on a timely basis the recommendations contained in the water rate study financed hereunder.
- (2) It will implement on a timely basis the recommendations contained in the management study financed hereunder.
- (3) It will continue its program of installation of water meters in accordance with the program furnished pursuant to Section 3.03(4) above, endeavoring to complete such installation for all connections before commencement of operation of the Water System.
- (4) It will pay all of its debts due and owing to the Panama Canal Company within ninety (90) days from the dates of invoices submitted to the Borrower for such debts.

ARTICLE VI

Procurement

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

SECTION 6.02. Procurement from the Republic of Panama. Disbursements made pursuant to Section 7.02 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 Panama.

SECTION 6.03. Eligibility Date. Except as Borrower and 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 6.04. Goods and Services Not Financed Under 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. Plans, Specifications, and Contracts.

- (1) Except as Borrower and A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D. upon preparation, all plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications therein, whether or

not the goods and services to which they relate are financed under the Loan.

(2) Except as Borrower and A.I.D. may otherwise agree in writing, all of the plans, specifications, and construction schedules furnished pursuant to subsection (1) above shall be approved by A.I.D. in writing.

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

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

- (i) contracts for engineering and other professional services,
- (ii) contracts for construction services,
- (iii) contracts for such other services as A.I.D. or Borrower may specify, and
- (iv) contracts for such equipment and materials as A.I.D. or Borrower may specify.

In the case of any of the above contracts for services, A.I.D. and Borrower shall also approve in writing the contractor and such contractor personnel as A.I.D. or Borrower may specify. Material modifications in any of such contracts and, changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

(5) Consulting firms used by the Borrower for the Project but not financed under the Loan, the scope of their services, and such of their personnel assigned to the Project as A.I.D. or Borrower may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to Borrower and A.I.D.

SECTION 6.07. 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 6.08. Employment of Third-Country Nationals Under Construction Contracts. The employment of personnel to perform services under construction contracts financed under the Loan shall be subject to requirements with respect to third-country nationals prescribed in Implementation Letters.

SECTION 6.09. Shipping and Insurance.

(1) Goods procured from the United States and financed under the Loan shall be transported to the Republic of Panama 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.

(2) 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 Borrower and A.I.D. shall determine that such vessels are not available at fair and reasonable rates for United States flag commercial vessels. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D. financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by Borrower and A.I.D.

(3) If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the Republic of Panama, 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, goods procured from the United States and financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(4) The Borrower shall insure, or cause to be insured, all goods procured in the United States and 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. 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 be of United States source and origin and 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.

SECTION 6.11. United States Government-owned Excess Property.

The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

SECTION 6.12. Information and Marking. Borrower shall give publicity to the Loan and the Project as a program of United States aid in furtherance of the Alliance for Progress, identify the Water System, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII**Disbursements**

SECTION 7.01. Disbursement for United States Dollar Costs—Letters of Commitment to United States Bank. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for Dollar Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 7.02. Disbursement for Local Currency Costs. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to finance Local Currency Costs of 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., as its option, may finance such Local Currency Costs either by:

- (1) making such local currency available from currency of the Republic of Panama owned by the U.S. Government and obtained by A.I.D. with United States dollars; or
- (2) (i) requiring the Borrower to make available local currency in a manner satisfactory to A.I.D. for the payment of such Local Currency Costs; and
- (ii) thereafter making available to Borrower, through the opening or amendment of Special Letters of Credit by A.I.D. in favor of Borrower or its designee, an amount of United States dollars equivalent to the amount of local currency made available hereunder, which dollars shall be utilized for procurement from the United States in accordance with requirements prescribed by A.I.D.

The United States dollar equivalent of the local currency made available hereunder will be, in the case of local currency made available as described in paragraph (1) above, the amount of United States dollars required by A.I.D. to obtain the currency of the country of the Borrower and, in the case of local currency made available as described in paragraph (2) above, an amount calculated at the rate of exchange specified in the Special Letter of Credit Implementation Memorandum dated Sept. 14, 1964 between A.I.D. and the BANCO NACIONAL DE PANAMA as of the date of opening or amendment of the applicable Special Letter of Credit.

SECTION 7.03. 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 7.04. 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, or on date on which A.I.D. opens or amends the Special Letter of Credit referred to in Section 7.02, as the case may be.

SECTION 7.05. 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 7.03, or amendment thereto shall be issued in response to requests received by A.I.D. after sixty (60) months from the date of signing of this Agreement, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after sixty-six (66) months from the date of signing this Agreement. A.I.D., as its option, may at any time or times after expiration of the said sixty-six (66)

months, 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., forgo any part of the Loan (1) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) which has not 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:

- (1) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (2) The Borrower 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 diligence and efficiency;
- (3) The Government shall have failed to comply with its commitment furnished pursuant to Section 3.01B(1) above;
- (4) The 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 the Borrower or Government or any of its agencies and A.I.D., or any or its predecessor agencies,

then A.I.D. may, at its option, give to the Borrower and Government notice that all or any part of the unpaid 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 unpaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) The amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

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

- (1) An event of Default has occurred;
- (2) An event occurs that A.I.D. determined to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;

- (3) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or
- (4) The 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 the Borrower or Government or any of its agencies and the Government of the United States or any of its agencies;

then A.I.D. may, as its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of Irrevocable Letters of Credit or through bank payments made other than under Irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;
- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the Republic of Panama, are in a deliverable state and have not been offloaded in ports of entry of the Republic of Panama. 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 disbursements 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.

(1) 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 the United States dollars to A.I.D. within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and

services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse 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 years following the date of such disbursement.

(2) 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 reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

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

ARTICLE IX

Guarantee and Other Obligations of Government

SECTION 9.01. Guarantee of Obligations of Borrower. Government hereby unconditionally and absolutely, jointly and severally as primary obligor with Borrower, guarantees to make to A.I.D., in accordance with the terms of this Agreement, due and punctual payments in dollars, whether by acceleration or otherwise, of the Principal of and the interest of this Loan.

SECTION 9.02. Further Duties of Government. Government shall furnish such information and take such steps relating to its guarantee, as A.I.D. shall reasonably request.

ARTICLE X

Miscellaneous

SECTION 10.01. Communications. Any notice, request document, or other communication given, made, or sent by the Borrower, Govern-

ment, or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following addresses:

TO BORROWER:

Mail Address: IDAAN
P.O. Box 5234
Panama City, R.P.

Cable Address: IDAAN, Panama

TO GOVERNMENT:

Mail Address: Ministerio de Hacienda y Tesoro
Panama City, R.P.

Cable Address: Hacienda, Panama

TO A.I.D.:

Mail Address: Director
United States Agency for
International Development
P.O. Box J
Balboa, C.Z.

Cable Address: USAID
Amembassy, Panama

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, the Borrower will be represented by the individual holding or acting in the office of Executive Director, the Government will be represented by the individual holding or acting in the office of Minister of Finance and Treasury, and A.I.D. will be represented by the individual holding or acting in the office of Director, A.I.D., Panama. 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 party making the change shall submit a statement to the others of the representative's name and specimen signature in form and substance satisfactory to others. Until receipt by the other parties of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower, Government or A.I.D., designated pursuant to this Section, the other parties may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any section effected by such instrument is duly authorized.

SECTION 10.03. Implementation Letters. After prior consultation with the Borrower, 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. Nothing in such letters shall alter the terms of the Agreement except as permitted by the Agreement.

SECTION 10.04. 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.

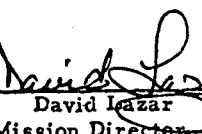
SECTION 10.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower, Government and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, the Instituto de Acueductos y Alcantarillados Nacionales, the Republic of Panama, 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 as of the day and year first above written.

THE REPUBLIC OF PANAMA

for
By: 
José Guillermo Aizpú
Minister of Treasury and Finance

THE UNITED STATES OF
AMERICA

By: 
David Lazar
Mission Director

INSTITUTO DE ACUEDUCTOS Y
ALCANTARILLADOS NACIONALES

By: 
Adam A. Arjona
Executive Director

ANNEX I

Project Description

This Project consists of two elements: first, the design and construction of a new water supply system for Panama City with a normal capacity of 56 million gallons daily (MGD); and second, studies to be conducted by qualified consultants of the water rates, organization, administration and operations of Borrower and implementation by Borrower of the recommendations contained therein.

The new water supply system is to be developed to provide additional potable water service to the City of Panama necessary to supply increasing demands from growth and expansion. The new supply will draw from Madden Lake on the Chagres River about 15 miles north of the City, and will augment and partly replace existing service being provided by the Panama Canal Company water system from Miraflores Lake in the Canal. Only the intake facilities will be located in the Canal Zone. The new system will provide a firm average day supply of 56 MGD as the first stage of an ultimate 212 MGD system. This initial average day supply of 56 MGD is expected to meet the demand of Panama City up to the year 1980 while the ultimate system is intended to meet the needs projected for the year 2020. After 1980, the Borrower may purchase an additional quantity of water up to approximately 23 MGD from the Panama Canal Company thus providing a 79 MGD average-day supply to meet the projected demand through 1988 with the first stage facilities.

In the preparation of the final design of the distribution lines under this Project, consideration will be given to whatever information is available under the Urban Planning Study being undertaken by the Instituto de Vivienda y Urbanismo (IVU) and A.I.D., and to the information then available to IVU regarding future land use patterns for Panama City. In any event, the distribution lines proposed to be financed under this Project are only those which are necessary to connect the Water System to the existing distribution system and to supply water in sufficient quantities to all parts of the system. Subsequent distribution lines will be designed in accordance with future needs indicated by the Comprehensive Plan for Panama City which will be completed by that time.

Based on the projected timetable for loan implementation of sixty-three (63) months, it is estimated that IDAAN's contribution of \$8.0 million will be needed as follows:

Calendar year	1969	\$100,000
	1970	350,000
	1971	800,000
	1972	3,300,000
	1973	2,600,000
		850,000
		<hr/>
		\$8,000,000

Amendatory Agreement No. 1

A.I.D. Loan No. 525-L-028

Agreement dated the 30th day of September, 1971, between the Instituto de Acueductos y Alcantarillados Nacionales, an autonomous agency of the Government of the Republic of Panama ("Borrower"), the Republic of Panama ("Government") and the United States of America, acting through the Agency for International Development ("A.I.D."), amending the Loan Agreement ("Loan Agreement"), dated May 6, 1969, between Borrower, the Government and A.I.D. as follows, to be effective as of the date of execution hereof:

1. In Section 1.01, which relates to the amount to be loaned, substitute "Twenty Million United States Dollars (\$20,000,000)" for "Fifteen Million United States Dollars (\$15,000,000)".

2. Section 2.01, which relates to interest, is deleted in its entirety and the following substituted therefor:

"**SECTION 2.01. Interest.** The Borrower shall pay to A.I.D. interest which shall accrue at the rate of three and one-half percent (3½%) per annum on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date, is defined in Section 7.04), and shall be computed on the basis of a 365-day year. Interest on disbursements not in excess of fifteen million dollars (\$15,000,000) shall be capitalized and added to Principal for a period of four and one-half (4½) years from the date of the first disbursement hereunder. Interest on disbursements in excess of fifteen million dollars (\$15,000,000) shall be payable semi-annually, the first such payment of interest being due and payable no later than six (6) months after the first disbursement in excess of fifteen million dollars (\$15,000,000) on a date to be specified by A.I.D. Interest on the total outstanding balance of Principal (including capitalized interest) shall be payable semi-annually commencing no later than five (5) years after the first disbursement hereunder, on a date to be specified by A.I.D."

3. Section 2.02 is deleted in its entirety and the following substituted therefor:

"**SECTION 2.02. Repayment.** Except as otherwise provided in Section 2.03, Borrower shall repay to A.I.D. the Principal within thirty (30) years from the date of the first disbursement hereunder in fifty-one (51) approximately equal semi-annual installments of Principal and interest. The first installment of Principal shall be due and payable on the same date on which the first interest payment is due and payable on disbursements not in excess of \$15,000,000, in accordance with Section 2.01. A.I.D. shall provide Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan".

4. Section 2.03, which relates to special payment procedure, is deleted in its entirety and the following section substituted therefor:

"SECTION 2.03. Special Payment Procedure.

(a) If prior to the end of the five (5) year period commencing on the date of the first disbursement hereunder, or prior to the date the first interest payment is due with respect to any disbursement in excess of fifteen million dollars (\$15,000,000), whichever occurs first, A.I.D. notifies Borrower in writing that the Government has so elected, Borrower, until A.I.D. gives notice otherwise, shall discharge its obligations to make payments pursuant to this article, and, if A.I.D. so directs, pursuant to Section 8.02, by making all such payments in accordance with the terms of this Agreement to Government in balboas (rather than to A.I.D. in dollars), the applicable exchange rate to be the lowest rate at which Borrower, on the date of payment in balboas to Government, could have lawfully purchased dollars to meet its obligation to pay interest and Principal to A.I.D. in dollars had it been discharging its obligation by direct payment to A.I.D.

(b) In the event of election of Special Payment Procedure under a Special Payment Agreement between the Government and A.I.D., the Government shall, subject to the terms of such Agreement, pay to A.I.D.:

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 by Borrower to Government, as follows:

a. With respect to disbursements not in excess of \$15,000,000:

(i) All interest immediately upon receipt from Borrower subject to Government's right to retain all such payments in excess of two percent (2%) per annum during a grace period of not to exceed ten (10) years from the first disbursement under the Loan Agreement ("Government Grace Period") and all payments in excess of two and one-half percent (2½%) per annum thereafter.

(ii) Principal within forty (40) years from the date of the first disbursement under the Loan Agreement in sixty-one (61) approximately equal semi-annual installments of Principal and interest, the first of which installments shall be payable five (5) years after the date on which the first interest payment with respect to disbursements not in excess of \$15,000,000 is due in accordance with Section 2.01.

(iii) Interest in United States dollars of two percent (2%) per annum during the Government Grace Period, and two and one-half percent (2½%) per annum thereafter on all amounts of outstanding principal paid by Borrower to Government from the respective dates of such payments of principal.

b. With respect to disbursements in excess of \$15,000,000:

- (i) All interest immediately upon receipt from Borrower subject to Government's right to retain all payments in excess of two percent (2%) per annum during a grace period of not to exceed ten (10) years from the first disbursement under the Loan Agreement ("Government Grace Period") and all payments in excess of three percent (3%) per annum thereafter.
- (ii) Principal within forty (40) years from the date of the first disbursement under the Loan Agreement in sixty-one (61) approximately equal semi-annual installments of principal and interest, the first of which installments shall be payable five (5) years after the date on which the first interest payment with respect to disbursements not in excess of \$15,000,000 is due in accordance with Section 2.01.
- (iii) Interest in United States dollars of two percent (2%) per annum during the Government Grace Period, and three percent (3%) per annum thereafter on all amounts of outstanding principal paid by Borrower to Government from the respective dates of such payments of principal.

c. With respect to any disbursement under this loan:

- (i) Receipt by Borrower of notice of election pursuant to this Section shall not terminate those payment obligations of Borrower to A.I.D. under this Agreement which have not been discharged in accordance with the terms of this Section nor the rights of A.I.D. with respect thereto nor any other rights of A.I.D. under this Agreement.

5. Following Section 3.01, the following new section is added:

"SECTION 3.01A. Conditions Precedent to Disbursement in Excess of Fifteen Million Dollars (\$15,000,000). Prior to any disbursement in excess of fifteen million dollars (\$15,000,000), the Borrower or the Government as appropriate shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (1) An opinion of the Attorney General of the Government stating that Borrower is empowered to enter into this Amendatory Agreement and undertake all actions contemplated hereunder, that Amendatory Agreement No. 1 has been duly authorized and executed in accordance with all necessary actions of Borrower and Government, and that it constitutes a valid and legally binding obligation of Borrower and Government in accordance with all of its terms.
- (2) Evidence of a commitment that the full amount of Borrower's additional local currency contribution to the Project, the equivalent of six hundred forty thousand United States dollars (\$640,000), which is in addition to the amounts to be provided by Borrower under Section 3.01(A)(5) will be made available on a timely basis in order to assure the execution of the Project".

6. The following paragraph (4) is added to Section 3.04, which relates to terminal dates for fulfillment of conditions precedent:

“(4) If all of the conditions specified in Section 3.01A shall not have been met within one hundred twenty (120) days from the date of Amendatory Agreement No. 1, or such later date as Borrower and A.I.D. may agree to in writing, A.I.D., at its option, may cancel Amendatory Agreement No. 1 by giving written notice to the Borrower. Upon the giving of such notice, Amendatory Agreement No. 1 and all obligations of the parties thereunder shall terminate.”

7. Section 3.05 is deleted in its entirety and the following substituted therefor:

“SECTION 3.05. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Sections 3.01, 3.01A, 3.02 and 3.03, as the case may be, have been met”.

8. The following paragraph (5) is added to Section 5.01:

“(5) It will implement on a timely basis its operating, maintenance and staff training program, and provide qualified and experienced staff as may be necessary and appropriate.”

9. Article V is amended by adding the following Section 5.02:

“SECTION 5.02. Special Covenants and Warranties of Government. Government covenants that it shall approve appropriate increases in Borrower's water rates, or shall provide to Borrower a subsidy for necessary operating capital, in the event that Borrower's operating revenues are insufficient to insure efficient operation of Borrower or are insufficient to meet requirements to carry out the Project.”

10. Section 6.01, which relates to procurement, is deleted in its entirety and the following substituted therefor:

“SECTION 6.01. Qualified World-Wide Procurement. Except as 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 (“Qualified World-wide Goods and Services”). 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, excluding Panama.”

11. Section 6.09, which relates to shipping and insurance, is deleted in its entirety and the following substituted therefor:

"SECTION 6.09. Shipping and Insurance.

(a) Qualified World-wide Goods financed under the Loan shall be transported to the Republic of Panama 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 Qualified World-wide Goods 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 flags commercial vessels. No goods procured from outside Panama and financed under the Loan may be transported on any ocean vessel or aircraft (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(c) Marine insurance on Qualified World-wide 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 Panama 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 Panama, 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, Qualified World-wide Goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(d) The Borrower shall insure, or cause to be insured, all Qualified World-wide 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 replace-

ment 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".

12. Section 7.02 is deleted in its entirety and the following substituted therefor:

"**SECTION 7.02.** Disbursement for Local Currency Costs. Upon satisfaction of conditions precedent, Borrower may, from time to time, request disbursement by A.I.D. of local currency for Local Currency Costs of 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 of Panama owned by the United States Government and that obtained by A.I.D. with United States dollars. 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 the currency of Panama."

13. Add to the Loan Agreement as a supplemental attachment thereto, the document attached hereto entitled "Annex I—Amendment No. 1."

14. All references in the Loan Agreement and this amendment to the words "Loan Agreement" or "this Agreement" shall be deemed to mean the Loan Agreement as hereby further amended.

15. Except as herein amended all other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Instituto de Acueductos y Alcantarillados Nacionales, the Republic of Panama, and the United States of America, each acting through its respective duly authorized representatives, have caused this Amendatory Agreement to be signed in their names and delivered as of the day and year first above written, in the English and Spanish language, [¹] recognizing the Spanish text as a translation of the English original.

THE REPUBLIC OF PANAMA

THE UNITED STATES OF
AMERICA

By: DORA RELUZ

By: ROBERT M SAYRE

Lic. Dora Reluz

Robert M. Sayre

Acting Minister

United States Ambassador
to the Republic of Panama

Ministry of Finance

ALEXANDER FIRFER

INSTITUTO DE ACUEDUCTOS Y
ALCANTARILLADOS
NACIONALES

Alexander Firfer, Director
United States Agency for
International Development
Mission to Panama

By: ADAN A ARJONA CH

Adan A. Arjona Ch.
Executive Director

¹ The English text only is printed herein.

ANNEX I - AMENDMENT NO. 1

Project Description

In reference to the first element of this Project, as stated in Annex I of the Agreement, the water supply system for Panama City can further be described as a system consisting of the following major items:

1. An intake work in Lake Madden to be hydraulically and structurally designed to supply maximum day flow projected for the year 2020.
2. A raw water pump room with layout and space for installations to meet maximum day flow projected for the year 2020. The initial equipment and piping installations will be capable of supplying 56 mgd.
3. A force main from the raw water pumps to the water treatment plant with a pipe diameter of 60 inches.
4. A water treatment plant hydraulically designed to pass a maximum average day flow at a rate of 90 mgd. The equipment, chemical storage and feed, and piping to be installed in this program will be capable of supplying 56 mgd.
5. A force main to convey treated water from the treatment plant to the balancing reservoir. The pipe diameter will be 66 inches to crest of Continental Divide, and 60 inches thence to reservoir. Three turnouts will be included to provide for subsequent water service to communities enroute.
6. A storage reservoir for balancing hourly demand variations of the system, with a capacity of 10 million gallons.
7. An interconnection from the reservoir to the existing distribution system to convey and balance maximum hourly flow and such additions to the trunk main system as may be required to facilitate any increase in service during the interim period before the new facilities are brought into production.

Based on the projected timetable for loan implementation and the updated cost estimate of the project, loan disbursements and Borrower's contribution to the project are estimated as follows:

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>Total</u>
IDAAN	800,000	1,800,000	3,200,000	2,836,000	8,636,000
A.I.D.	472,000	7,100,000	9,700,000	2,692,000	19,964,000
	<u>1,272,000</u>	<u>8,900,000</u>	<u>12,900,000</u>	<u>5,528,000</u>	<u>28,600,000</u>

A.I.D. Loan Number 525-L-028

**Amendatory Agreement No. 2
to
Loan Agreement
Between the
Republic of Panama
Instituto de Acueductos y Alcantarillados Nacionales
and the
United States of America
for
Panama City Water Supply System**

DATED: June 2, 1976

AGREEMENT dated the 2nd day of June of 1976, among the Instituto de Acueductos y Alcantarillados Nacionales, an autonomous agency of the Government of the Republic of Panama ("Borrower"), the Republic of Panama, ("Government") and the United States of America, acting through the Agency for International Development ("Lender"), further amending the Loan Agreement dated May 6, 1969 and amended on September 30, 1971 ("Loan Agreement"), among Borrower, the Government and Lender as follows, to be effective as of the date of execution hereof:

1. Section 2.03(a) which relates to special payment procedure, is deleted in its entirety and the following section substituted therefor:

"SECTION 2.03. Special Payment Procedure.

(a) If the Government so elects, and Borrower receives such notice of election in writing from Lender, Borrower shall fulfill its dollar obligation under the Loan, and if Lender so directs, pursuant to Section 8.02, by paying to Government in the currency of Panama the equivalent, determined as of a time and in a manner satisfactory to Lender, of the United States dollar amounts payable to Lender pursuant to Section 2.02, and in such event the Government shall pay to Lender:"

2. Section 2.03(b) the words, "In the event of election of Special Payment Procedure under a Special Payment Agreement between the Government and A.I.D., the Government shall, subject to the terms of such Agreement, pay to A.I.D.:" are deleted in their entirety.

3. The following new Section (b) is added at the end of Section 2.03:

(b) Upon receipt by Lender in writing of the Government's election to utilize the Special Payment Procedure, said procedure will be effective for all payments due following the execution of this Amendment and notice of such election.

4. Except as herein amended all other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Instituto de Acueductos y Alcantarillados Nacionales, the Republic of Panama, and the United States of America, each acting through its respective duly authorized representative, have caused this Amendatory Agreement to be signed in their names and delivered as of the day and year first above written, in the English and Spanish language, [¹] recognizing the Spanish text as a translation of the English original.

THE REPUBLIC OF PANAMA:

M A SANCHIZ

Lic. Miguel A. Sanchiz
Minister of Treasury

INSTITUTO DE ACUEDUCTOS Y
ALCANTARILLADOS
NACIONALES:

M ALVARADO

Ing. Manuel Alvarado M.
Executive Director

THE UNITED STATES OF
AMERICA:

IRVING G. TRAGEN
Irving G. Tragen
Director

*Agency for International
Development, USAID Mission to
Panama*

¹ See footnote on p. 5737.

FEDERAL REPUBLIC OF GERMANY

**Atomic Energy: Research and Development in Liquid
Metal-Cooled Fast Breeder Reactors**

*Agreement signed at Bonn June 8, 1976;
Entered into force June 8, 1976.*

AGREEMENT
BETWEEN THE UNITED STATES ENERGY RESEARCH AND
DEVELOPMENT ADMINISTRATION
AND THE FEDERAL MINISTER FOR RESEARCH AND
TECHNOLOGY OF THE FEDERAL REPUBLIC OF GERMANY
IN THE FIELD OF LIQUID METAL-COOLED
FAST BREEDER REACTORS

The United States Energy Research and Development Administration (ERDA) and the Federal Minister for Research and Technology of the Federal Republic of Germany (BMFT), hereinafter called the Parties;

having a mutual interest in developing the Liquid Metal-Cooled Fast Breeder Reactor (LMFBR);

Recognizing the important roles of both ERDA and the BMFT in such research and development;

believing that the solution to problems of obtaining energy from the LMFBR should also provide for an amelioration of environmental problems;

and recognizing the need to establish procedures governing the protection of privileged information provided in connection with activities under this Agreement,

have agreed as follows:

ARTICLE 1

Cooperation between the Parties in the development of the LMFBR will be directed towards finding solutions to mutually agreed upon problems connected with the design, development, construction and operation of nuclear power systems utilizing LMFBRs and to exchange information developed during the resolution of these problems. This cooperation may include exchange of experience and results of theoretical, experimental, and conceptual design programs; and agreed upon research and development projects. Cooperation between the two Parties will be on the basis of mutual benefit, equality, and reciprocity.

ARTICLE 2

The areas of cooperation in the development of the LMFBR covered by this Agreement may include:

1. Research and development in the area of reactor neutronics analysis and experimentation;
2. Research and development of fuels and materials compatible with high neutron flux and high temperature coolant;
3. Research and development in the area of fuel recycle, including reprocessing, refabrication, waste processing and storage;
4. Research and development in reactor and reactor coolant system components, to include steam generators;
5. Research and development in the area of coolant technology to include methods of coolant impurities detection and management, and methods for removing such impurities;
6. Research and development in the area of non-nuclear test facilities in support of LMFBR programs, to include joint cooperative ventures in such test facilities;
7. Research and development in the area of quality assurance and non-destructive test procedures;
8. Design and operation of LMFBRs;
9. Economic and Environmental considerations in the development of LMFBRs;
10. Research and development in the area of reactor safety.

Other areas of cooperation may be added by mutual agreement.

ARTICLE 3

Cooperation in accordance with this Agreement may include but is not limited to the following forms:

1. Exchange of scientists, engineers, and other specialists for

- participation in agreed to research, development, analysis, design and experimental activities conducted in scientific centers, laboratories, engineering offices and reactor facilities of each of the Parties or its contractors for agreed upon periods;
2. Exchange of samples, materials, instruments, and components for testing, and exchange of scientific and technical information, and results and methods of research and development;
 3. The organization of seminars and other meetings on agreed to topics covering basic problems of research and development in the areas enumerated in Article 2, in a manner agreed to by the joint committee (Article 5);
 4. Short visits by specialist teams or individuals to the LMFBR facilities of the other Party.

Other specific forms of cooperation may be jointly agreed to by the Parties and approved by the joint committee (Articles 5 and 6).

ARTICLE 4

1. It is recognized by the Parties that there are organizational differences in their respective programs, that BMFT speaks for the German-Dutch-Belgian LMFBR program, and that the direct implementation of this Agreement may be delegated by BMFT to the joint industrial group International Natrium Brutreaktor-Bau (INB).
2. In view of the fact that the BMFT for the purposes of this Agreement speaks for a program supported by three (3) different countries:
 - a) For the purposes of Article 7:
The phrases "territory of the receiving party" and "the receiving country" shall, with respect to the BMFT, include the Federal Republic of Germany, Belgium and the Netherlands.

- b) For the purposes of Article 10:
The term "its own country" shall, with respect to the BMFT, mean the Federal Republic of Germany, Belgium and the Netherlands.
- c) If the program mentioned above becomes funded by less than three (3) countries, the phrases "territory of the receiving party," "its own country," and "the receiving country" shall, with respect to the BMFT, mean that country or those countries still supporting such program.
3. For the German side the BMFT has a right to designate INB to represent the LMFBR program in its relationship with the LMFBR program of the United States of America by serving as the focal point for communication and coordination for the ERDA/BMFT LMFBR research and technology exchange.

ARTICLE 5

1. For the implementation of this Agreement, there is established a joint ERDA/BMFT committee on cooperation in the field of LMFBR. This committee will implement, coordinate, and review all aspects of this Agreement, and where necessary, make recommendations which each of the delegations will present to its party covering specific means by which this Agreement shall be implemented.
2. The American members of the joint committee shall be appointed by ERDA. The German members of the joint committee shall be appointed by BMFT. Each party shall appoint the head of its delegation to the joint committee.
3. The joint committee will consist of ten (10) members, five (5) of which will be appointed by each of the parties to this Agreement, meeting as agreed upon by the heads of the two delegations at least once a year or at other times by agreement (alternately in the United States of America and in the Federal Republic of Germany) at an agreed to place. Each party has the right to

invite advisers as necessary. The head of the delegation of the receiving party shall act as chairman of the joint committee whenever it meets.

4. At least once a year, the Parties will provide the joint committee with a comprehensive review of the LMFBR program status and plans, which concern cooperation under this Agreement.

ARTICLE 6

Major new proposals for cooperation proposed by either of the Parties would be reviewed, if deemed sufficiently important, by either the joint committee or by a joint ad hoc group appointed by the joint committee.

Where a cooperative program or project under this Agreement necessitates a formalized specific memorandum of agreement executed by both parties, the specific agreements should cover all detailed provisions for implementing that agreement, including such matters as patents, exchange of equipment, and information disclosure specific to the particular program or project.

ARTICLE 7

1. The Parties will exchange, as agreed on a mutually beneficial basis, scientific and technical information documents and results of research and development related to work carried out under this Agreement. Such information will be limited to that which they have the right to disclose, either in their possession or available to them, from the technical areas described in Article 2.
2. Seminar proceedings and reports of joint programs carried out under this Agreement will be published as joint publications, as mutually agreed to by both parties.
3. Both Parties agree that information developed or exchanged under this Agreement should be given wide distribution. Such

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information, except as noted in Paragraphs 4 and 5, may be made available to the public by either party through customary channels and in accordance with normal procedures of the Parties.

4. It is recognized by both parties that in the process of exchanging information, or in the process of other cooperation, the Parties may provide to each other "industrial property of a proprietary nature." Such property, including trade secrets, inventions, patent information, and know-how, made available hereunder, but acquired by either party prior to, or outside, the course of these activities, and which bears a restrictive designation, shall be respected by the receiving party and shall not be used for commercial purposes or, made public without the consent of the transmitting party. Such property is defined as:
 - a) Of a type customarily held in confidence by commercial firms;
 - b) Not generally known or publicly available from other sources;
 - c) Not having been made available previously by the transmitting party or others without an agreement concerning its confidentiality; and
 - d) Not already in the possession of the receiving party or its contractors.
5. Recognizing that "industrial property of a proprietary nature," as defined above, may be necessary for the conduct of a specific cooperative project or may be included in an exchange of information, such property shall be used only in the furtherance of LMFBR programs in the receiving country. Its dissemination will, unless otherwise mutually agreed, be limited as follows:
 - a) To persons within or employed by the receiving party, and to other concerned government agencies of the receiving party; and
 - b) To prime or subcontractors of the receiving party for use only

within the territory of the receiving party and within the framework of its contract(s) with the respective party engaged in work relating to the subject matter of the information so disseminated; provided that the information disseminated to any person under Subparagraphs a) or b) above shall bear a marking restricting dissemination outside the recipients' organization. Each party will use its best efforts to ensure that the dissemination of proprietary data received under this agreement is controlled as prescribed herein.

ARTICLE 8

The information exchanged under this Agreement shall be subject to the patent provisions in Article 10.

ARTICLE 9

The application or use of any information exchanged or transferred between the Parties under this Agreement shall be the responsibility of the party receiving it, and the transmitting party does not warrant the suitability of such information for any particular use or application.

ARTICLE 10

1. With respect to any invention or discovery made or conceived in the course of or under this Agreement, if not agreed upon otherwise (especially under Article 6):

a) If made or conceived by personnel of one party (the assigning party) or its contractors while assigned to the other party (recipient party) or its contractors, in connection with exchanges of scientists, engineers, and other specialists:

(1) The recipient party shall acquire all right, title

and interest in and to any such invention, discovery, patent application or patent in its own country and in third countries, subject to a non-exclusive, irrevocable, royalty-free license to the assigning party, with the right to grant sublicenses, under any such invention, discovery, patent application or patent, for use in the production or utilization of special nuclear material or atomic energy.

- (2) The assigning party shall acquire all right, title and interest in and to any such invention, discovery, patent application, or patent in its own country, subject to a non-exclusive, irrevocable, royalty-free license to the recipient party, with the right to grant sublicenses, under any such invention, discovery, patent application or patent, for use in the production or utilization of special nuclear material or atomic energy.
- b) If made or conceived by a party or its contractors as a direct result of employing information which has been communicated to it under this Agreement by the other party or its contractors or communicated during seminars or other joint meetings, the party making the invention shall acquire all right, title and interest in and to any such invention, discovery, patent application or patent in all countries, subject to a grant to the other party of a royalty-free, non-exclusive, irrevocable license with the right to grant sublicenses, in and to any such invention, discovery, patent application, or patent, in all countries, for use in the production or utilization of special nuclear material or atomic energy.
- c) With regard to other specific forms of cooperation, including exchanges of materials, instruments, and equipment for special joint research projects, the parties shall provide for

appropriate distribution of rights to inventions resulting from such cooperation. In general, however, each party should normally determine the rights to such inventions in its own country, with a non-exclusive, irrevocable, royalty-free license to the other party, and the rights to such inventions in other countries should be agreed upon by the Parties on an equitable basis.

- d) It is understood that after the European patent conventions (Übereinkommen Über Die Erteilung Europäischer Patente, Übereinkommen Über Das Europäische Patent Fur Den Gemeinsamen Markt) have come into force, either party may request a modification of this Paragraph 1 for the purpose of according equivalent rights as provided in Subparagraphs 1. a) - c) above under the European Patent Conventions.
2. Neither party shall discriminate against citizens of the country of the other party with respect to granting any license or sublicense under any invention pursuant to Paragraph 1 above. It is understood that the licensing policies and practices of each party can be affected because of the rights of both Parties to grant licenses with a single jurisdiction. Accordingly, either party may request, in regard to a single invention or class of inventions, that the Parties consult in an effort to lessen or eliminate any detrimental effect that the parallel licensing authorities may have on the policies and practices of the Parties.
3. Each Party waives any and all claims against the other Party for compensation, royalty or award as regards any inventions or discovery, patent application, or patent, made or concenived under this Agreement, and releases the other party with respect to any and all such claims, including any claims under the provisions of the U. S. Atomic Energy Act of 1954, as amended,^[1] and the German Employees' Inventions Law (Arbeitnehmererfindergesetz) of July 25, 1975 (BGBI, 1957, Part 1, Page 756), as amended, and the BMFT

^[1] 88 Stat. 919; 42 U.S.C. § 2011 et seq.

assumes the obligation under the said German Law for use of patents by or on behalf of ERDA.

ARTICLE 11

1. By mutual agreement the sending party may provide equipment to be utilized in joint projects and experiments. In such cases the sending party shall supply as soon as possible a detailed list of the equipment to be provided together with the relevant specifications and technical and informational documentation.
2. The equipment and necessary spare parts supplied by the sending party for use in joint projects and experiments shall remain its property and shall be returned to the sending party upon completion of the joint project or experiment, unless otherwise agreed.
3. The above-mentioned equipment shall be brought into operation at the host establishment only by mutual agreement between the Parties or between their senior representatives at the host establishment.
4. The host establishment shall provide the necessary premises for the equipment, and shall provide for electric power, water, gas, etc., in accordance with technical requirements which shall be as mutually agreed upon.
5. The responsibility and expenses for the transport of equipment and materials from the United States of America by plane or ship to an authorized port of entry in the Federal Republic of Germany convenient to the ultimate destination, and return, and also responsibility for their safekeeping and insurance en route shall rest with ERDA.
6. The responsibility and expenses for the transport of equipment and materials from the Federal Republic of Germany by plane or ship to an authorized port of entry in the United States of

America convenient to the ultimate destination, and return, and also responsibility for their safekeeping and insurance en route shall rest with the BMFT.

7. The equipment provided by the sending party for carrying out joint projects or experiments will be considered to be scientific, not having a commercial character.

ARTICLE 12

1. Each party shall ensure the selection of adequate staff with the skills and competence necessary to conduct agreed upon joint projects. In carrying out such joint projects, selected staff of both Parties shall be attached to the host establishment.
2. Each party shall be responsible for the salaries, insurance, and allowances to be paid to its personnel.
3. Each party shall pay for the travel and living expenses of its personnel when staying at the establishment of the host party unless otherwise agreed.
4. The host establishment shall arrange for comparable accommodations for the other party's personnel and their families on a mutually agreeable reciprocal basis.
5. Each party shall provide all necessary assistance to the specialists (and their families) of the other party as regards administrative formalities (travel arrangements, etc.).
6. The personnel of each party shall conform to the general rules of work and safety regulations in force at the host establishment.

ARTICLE 13

Both parties agree that the following provisions shall apply concerning compensation for damages incurred during the implementation of joint

projects. It is understood that such compensation will be in accordance with the laws of the country on whose territory damages will have been incurred, except as otherwise provided.

1. First and second party damages

- a) Each party shall alone be responsible for payment of compensation for damages suffered by its staff regardless of where the damages have been incurred, and will not bring suit or lodge any other claims against the other party for damages to its property except as noted in Paragraphs 1. b) and 1. c).
- b) If the damage suffered by the staff of one of the Parties is due to the gross negligence or intentional misconduct of the staff of the other party, the latter shall reimburse the former an agreed sum of money which the former would be obliged to pay to the person or persons suffering the damages.
- c) If damages to the property of one party are due to the gross negligence or intentional misconduct of the staff of the other party, the latter shall compensate the former for the damages suffered.

2. Third party damages

a) Defective equipment

Damages caused to the staff or property of a third party by defective equipment of a party will be compensated for by the party to which the equipment belongs, except as noted in Paragraph 2. c).

b) By staff

Damages caused to the staff or property of a third party by the staff of a party will be compensated for by the party in whose territory the damages occurred, except as noted in Paragraph 2. c).

c) Gross negligence or intentional misconduct

If damages referred to in Paragraphs 2. a) and 2. b) were due to the gross negligence or intentional misconduct of the staff of a party, that party will bear the financial responsibility in regard to the third party.

d) Damage by third party

In the event of damage of any kind caused by a third party to the staff or property of one or both of the Parties, each of the two contracting parties will render the other aid in corroboration of claims on the third party.

e) Resolutions of questions

The party on whose territory the damage was incurred will, in consultation with the other party, take upon itself the resolution, with the third party, of all questions connected with the determination of the causes, extent and necessity for compensation for damages incurred. Any such resolution shall have the concurrence of the other party. After resolution of the matter, both Parties will decide, between themselves, the questions relating to compensation for damages incurred.

3. In the event of any dispute between the two Parties, a committee shall be appointed by the Parties, with equal representation. The conclusions of the committee will be presented to ERDA and BMFT who will review the conclusions and arrive at a mutual agreement concerning final disposition.

4. The foregoing provisions of this Article shall have no applicability to damages caused by a nuclear incident as defined by the laws of the Parties. Compensation for damage caused by such a nuclear incident shall be in accordance with the laws of the Parties.

5. Definitions

a) "Staff" of a party means the employees of the party, its

- contractors and subcontractors performing services under this Agreement, and employees of these contractors and subcontractors performing services under this Agreement.
- b) "Equipment" or "property" of a party means the equipment or property owned by that party, or by the contractor or subcontractors of that party who perform services in connection with joint projects under this Agreement.

ARTICLE 14

1. The provisions of this Agreement shall not affect the rights or duties of the contracting party under other agreements or arrangements. This Agreement also in no way precludes commercial firms or other legally constituted enterprises in each of the two countries from engaging in commercial dealings in accordance with the applicable laws of each country; nor does it preclude the Parties from engaging in activities with other governments or persons. Moreover, it is expected that the present Agreement should facilitate industrial and commercial exchanges in the field of LMFBR between the firms of the countries of the Parties with a view to mutual benefits from such exchanges for both countries.
2. ERDA and the BMFT will act as the point of coordination for contracts and arrangements between commercial firms of the United States of America and the Federal Republic of Germany, when such firms act on behalf of their respective governments under the terms of this agreement. It is understood that all such contracts and arrangements shall conform with the applicable laws and regulations of the Parties. The BMFT has a right to designate INB as stated in Article 4.

ARTICLE 15

Cooperation under this Agreement shall be in accordance with the laws

and regulations of the respective countries. All questions related to the Agreement arising during its term shall be settled by the Parties by mutual agreement.

ARTICLE 16

Each party shall bear the costs of its participation in the activities under this Agreement. It is understood that the ability of the parties to carry out their obligations is subject to the availability of appropriated funds.

ARTICLE 17

This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany has not made a contrary declaration to the Government of the United States of America within three months from the date of entry into force of this Agreement.

ARTICLE 18

1. This Agreement shall enter into force upon signature, shall continue for a ten-year period, and shall be extendable by mutual consent. The implementation and progress under this Agreement may be subject to annual review by the Parties.
2. This Agreement may be terminated at any time at the discretion of either party, upon one year's advance notification in writing by the party seeking to terminate the Agreement. Such termination shall be without prejudice to the rights which may have accrued under this Agreement to either party up to the date of such termination.
3. In the event that, during the period of this Agreement, the nature of either party's LMFBR program should change substantially, whether this be by substantial expansion, reduction, transformation or amalgamation of major elements with the LMFBR program of

a third party, either party shall have the right to request revisions in the scope and/or terms of this Agreement.

4. All joint efforts and experiments not completed at the termination of this Agreement will be continued until their completion under the terms of this Agreement.

Done at Bonn in Duplicate in the English and German Languages, each equally authentic, this 8th Day of June, 1976.



[1]

For the United States Energy Research
and Development Administration



[2]

The Federal Minister for
Research and Technology of the
Federal Republic of Germany

¹ Martin J. Hillenbrand
² Hans Mattheuer

**VEREINBARUNG ZWISCHEN DEM BUNDESMINISTER FÜR
FORSCHUNG UND TECHNOLOGIE DER BUNDESREPUBLIK
DEUTSCHLAND UND DER ENERGY RESEARCH AND DE-
VELOPMENT ADMINISTRATION DER VEREINIGTEN
STAATEN VON AMERIKA AUF DEM GEBIET DER
NATRIUMGEKÜHLTEN SCHNELLEN BRUTREAKTOREN**

Der Bundesminister für Forschung und Technologie der Bundesrepublik Deutschland (BMFT) und die Energy Research and Development Administration der Vereinigten Staaten von Amerika (ERDA), im folgenden die Vertragsparteien genannt;

im Hinblick auf ihr gemeinsames Interesse an der Entwicklung des natriumgekühlten Schnellen Brutreaktors (SNR);

in Erkenntnis des wichtigen Beitrages der ERDA und des BMFT zu dieser Forschung und Entwicklung;

in der Überzeugung, daß eine Lösung der Probleme der Energiegewinnung mit Hilfe des SNR auch eine Linderung der Umweltprobleme mit sich bringen dürfte;

und in Erkenntnis der Notwendigkeit, Verfahren zum Schutze bevorrechtigter Informationen einzuführen, die im Zusammenhang mit Aktivitäten im Rahmen dieser Vereinbarung zur Verfügung gestellt werden,

sind wie folgt übereingekommen:

ARTIKEL 1

Die Zusammenarbeit zwischen den Vertragsparteien auf dem Gebiet der Entwicklung des SNR dient der Suche nach Lösungen für gemeinsam vereinbarte Probleme in Zusammenhang mit Projektierung, Entwicklung, Bau und Betrieb von Kernenergiesystemen unter Verwendung von SNR und dem Austausch von im Zuge der Lösung dieser Probleme entwickelten Informationen. Diese Zusammenarbeit kann sich auch auf den Austausch von Erfahrungen und Ergebnissen aus theoretischen und experimentellen Programmen und Konzeptstudien erstrecken sowie auf beschlossene Forschungs- und Entwicklungsprojekte. Die Zusammenarbeit zwischen den beiden Vertragsparteien erfolgt auf der Grundlage des beiderseitigen Nutzens, der Gleichberechtigung und Gegenseitigkeit.

ARTIKEL 2

Die Zusammenarbeit auf dem Gebiet der Entwicklung des SNR im Rahmen dieser Vereinbarung kann folgende Bereiche umfassen:

1. Forschung und Entwicklung auf dem Gebiet der Reaktorneutronenphysik sowie der zugehörigen Experimente;
2. Forschung und Entwicklung auf dem Gebiet der Brennstoffe und Materialien unter hohem Neutronenfluß und bei hoher Kühlmitteltemperatur;

3. Forschung und Entwicklung auf dem Gebiet des Brennstoffkreislaufs einschließlich Wiederaufarbeitung, Refabrikation, Abfallbehandlung und -lagerung;
4. Forschung und Entwicklung auf dem Gebiet der Komponenten für Reaktor und Kühlmittelkreisläufe einschließlich Dampferzeuger;
5. Forschung und Entwicklung auf dem Gebiet der Kühlmitteltechnologie einschließlich Methoden der Detektion von Kühlmittelverunreinigungen und deren Handhabung sowie Methoden der Reinigung des Kühlmittels von solchen Verunreinigungen;
6. Forschung und Entwicklung auf dem Gebiet der nicht-nuklearen Testanlagen zur Unterstützung des SNR-Programms einschließlich Gemeinschaftsprojekte in diesen Versuchsanlagen;
7. Forschung und Entwicklung auf dem Gebiet der Qualitätssicherung und der zerstörungsfreien Prüfverfahren;
8. Projektierung und Betrieb von SNR;
9. Wirtschaftliche und umweltbezogene Erwägungen im Rahmen der Entwicklung von SNR;
10. Forschung und Entwicklung auf dem Gebiet der Reaktorsicherheit.

Die Zusammenarbeit kann in gegenseitigem Einvernehmen auf weitere Bereiche ausgedehnt werden.

ARTIKEL 3

Die Zusammenarbeit im Rahmen dieser Vereinbarung kann folgende Formen umfassen, muß sich jedoch nicht auf sie beschränken:

1. Austausch von Wissenschaftlern, Ingenieuren und anderen Spezialisten zur Beteiligung an vereinbarten Forschungs-, Entwicklungs-, Analyse-, Projektierungs- und Versuchsaktivitäten in wissenschaftlichen Zentren, Forschungsstätten, Ingenieurbüros und Reaktoranlagen der beiden Vertragsparteien oder ihrer Auftragnehmer für einen vereinbarten Zeitraum.
2. Austausch von Proben, Materialien, Instrumenten und Komponenten für Testzwecke und Austausch von wissenschaftlicher und technischer Information sowie von Ergebnissen und Methoden der Forschung und Entwicklung.
3. Die Veranstaltung von Seminaren und anderen Tagungen über vereinbarte Themen im Bereich grundlegender Forschungs- und Entwicklungssprobleme auf den in Artikel 2 aufgeführten Gebieten gemäß den vom Gemeinsamen Ausschuß vereinbarten Modalitäten (Artikel 5).
4. Kurzbesuche von Spezialistenteams oder Einzelpersonen in den SNR-Anlagen der anderen Vertragspartei.

Andere spezifische Formen der Zusammenarbeit können von den Vertragsparteien gemeinsam vereinbart und vom Gemeinsamen Ausschuß gebilligt werden (Artikel 5 und 6).

ARTIKEL 4

1. Es wird von den Vertragsparteien anerkannt, daß ihre jeweiligen Programme sich in organisatorischer Hinsicht unterscheiden, daß der BMFT für das deutsch-niederländisch-belgische SNR-Programm spricht und daß der BMFT die unmittelbare Durchführung dieser Vereinbarung an das Industiekonsortium Internationale Natrium-Brutreaktor-Bau GmbH (INB) delegieren kann.

2. In Anbetracht der Tatsache, daß der BMFT für die Zwecke dieses Abkommens ein Programm vertritt, das von drei (3) verschiedenen Ländern unterstützt wird, gilt:

a) Für Artikel 7:

Die Ausdrücke "Gebiet der empfangenden Vertragspartei" und "empfangendes Land" umfassen die Bundesrepublik Deutschland, Belgien und die Niederlande, wenn sie in bezug auf den BMFT angewandt werden.

b) Für Artikel 10:

Der Begriff "ihr Land" umfaßt die Bundesrepublik Deutschland, Belgien und die Niederlande, wenn er in bezug auf den BMFT angewandt wird.

c) Wird das obengenannte Programm von weniger als drei (3) Ländern finanziert, beziehen sich die Ausdrücke "Gebiet der empfangenden Vertragspartei", "ihr Land" und "empfangendes Land", wenn sie in bezug auf den BMFT angewandt werden, auf dasjenige Land oder diejenigen Länder, die dieses Programm weiterhin unterstützen.

3. Für die deutsche Seite hat der BMFT das Recht, die IMB zur Vertretung des SNR-Programms gegenüber dem SNR-Programm der Vereinigten Staaten von Amerika zu benennen, indem sie als Zentralstelle für Kommunikation und Koordination in bezug auf den ERDA/BMFT-SNR-Forschungs- und Technologieaustausch dient.

ARTIKEL 5

1. Zur Durchführung dieser Vereinbarung wird ein Gemeinsamer BMFT/ERDA-Ausschuß für die Zusammenarbeit auf dem Gebiet des SNR gebildet. Dieser Ausschuß sorgt für die Durchführung, Koordination und Überprüfung aller Aspekte dieser Vereinbarung und gibt gegebenenfalls Empfehlungen, die jede der Delegationen ihrer Vertragspartei vorlegt, in bezug auf spezifische Maßnahmen zur Durchführung der Vereinbarung.

2. Die Vertreter der Vereinigten Staaten von Amerika im Gemeinsamen Ausschuß werden von der ERDA, die deutschen Vertreter

werden vom BMFT ernannt. Jede Vertragspartei ernennt den Leiter ihrer Delegation im Gemeinsamen Ausschuß.

3. Der Gemeinsame Ausschuß besteht aus zehn (10) Mitgliedern, von denen jeweils fünf (5) von einer der beiden Vertragsparteien ernannt werden; diese tagen in Absprache zwischen den beiden Delegationsleitern mindestens einmal jährlich oder einvernehmlich zu anderen Zeiten (abwechselnd in den Vereinigten Staaten von Amerika und in der Bundesrepublik Deutschland) an einem zu vereinbarenden Ort.

Jede Vertragspartei hat das Recht, soweit erforderlich, Berater einzuladen. Der Delegationsleiter der gastgebenden Vertragspartei führt den Vorsitz im Gemeinsamen Ausschuß, sooft dieser tagt.

4. Mindestens einmal im Jahr legen die Vertragsparteien dem Gemeinsamen Ausschuß einen umfassenden Bericht über Stand und Planung des SNR-Programms, soweit es die Zusammenarbeit im Rahmen dieser Vereinbarung betrifft, vor.

ARTIKEL 6

Wichtige neue Zusammenarbeitsvorschläge, die von einer der Vertragsparteien vorgelegt werden, werden, sofern sie als wichtig genug erachtet werden, entweder durch den Gemeinsamen Ausschuß oder durch eine vom Gemeinsamen Ausschuß bestellte gemeinsame ad hoc-Gruppe geprüft.

Soweit ein Zusammenarbeitsprogramm oder -projekt im Rahmen dieser Vereinbarung eine besondere förmliche Vereinbarung zwischen den Vertragsparteien erfordert, soll diese besondere Vereinbarung alle Einzelheiten zu ihrer Durchführung einschließlich der Patentfragen, des Austauschs von Ausrüstungsgegenständen und der Weitergabe von Informationen in bezug auf das jeweilige Programm oder Projekt regeln.

ARTIKEL 7

1. Die Vertragsparteien tauschen vereinbarungsgemäß zum beiderseitigen Nutzen wissenschaftliche und technische Informationsunterlagen sowie Forschungs- und Entwicklungsergebnisse in bezug auf die im Rahmen dieser Vereinbarung durchgeföhrten Tätigkeiten aus. Derartige Informationen aus den in Artikel 2 genannten Fachgebieten beschränken sich auf diejenigen, die sich entweder im Besitz der Vertragsparteien befinden oder ihnen zugänglich sind und über deren Weitergabe sie verfügen können.

2. Seminarprotokolle und Berichte über gemeinsame Programme im Rahmen dieser Vereinbarung werden nach Absprache mit beiden Vertragsparteien als gemeinsame Veröffentlichungen herausgegeben.

3. Beide Vertragsparteien stimmen überein, daß im Rahmen dieser Vereinbarung erarbeitete oder ausgetauschte Informationen einem möglichst großen Kreis zugänglich gemacht werden sollten. Derartige Informationen—with Ausnahme der in den Absätzen 4 und 5 genannten—können der Öffentlichkeit von jeder der beiden Vertragsparteien auf dem üblichen Wege and in übereinstimmung mit den

üblichen Verfahren der beiden Vertragsparteien zugänglich gemacht werden.

4. Die Vertragsparteien sind sich der Tatsache bewußt, daß sie im Verlauf des Informationsaustauschs oder der sonstigen Zusammenarbeit einander möglicherweise "rechtlich geschütztes gewerbliches Eigentum" zur Verfügung stellen. Derartiges Eigentum, einschließlich Betriebsgeheimnisse, Erfindungen, Patentinformationen und know-how, das im Rahmen dieser Vereinbarung zur Verfügung gestellt wird, aber durch eine der beiden Vertragsparteien vor Beginn oder außerhalb dieser Aktivitäten erworben wurde und mit einem seine Weitergabe einschränkenden Vermerk gekennzeichnet ist, wird von der empfangenden Vertragspartei respektiert und darf nicht für gewerbliche Zwecke verwendet oder ohne Zustimmung der übermittelnden Vertragspartei veröffentlicht werden. Als derartiges Eigentum gilt, was

- a) seiner Art nach von Handelsfirmen üblicherweise vertraulich behandelt wird,
- b) nicht allgemein bekannt oder öffentlich aus anderen Quellen zugänglich ist,
- c) nicht zuvor von der übermittelnden Vertragspartei oder von anderen ohne vorherige Vereinbarung hinsichtlich der Vertraulichkeit zugänglich gemacht wurde und
- d) was sich noch nicht im Besitz der empfangenden Vertragspartei oder ihrer Auftragnehmer befindet.

5. In der Erkenntnis, daß "rechtlich geschütztes gewerbliches Eigentum", wie oben definiert, für die Durchführung eines bestimmten Zusammenarbeitsprojekts erforderlich oder in einen Informationaustausch miteinbezogen sein kann, soll derartiges Eigentum nur zur Förderung der SNR-Reaktorprogramme im empfangenden Land verwendet werden. Seine Weitergabe wird, soweit nicht einvernehmlich etwas anderes vereinbart wird, wie folgt beschränkt:

- a) Auf Personen im Zuständigkeitsbereich der empfangenden Vertragspartei oder auf ihre Bediensteten und auf andere beteiligte Regierungsstellen der empfangenden Vertragspartei und
- b) auf Haupt- und Unterauftragnehmer der empfangenden Vertragspartei, jedoch nur zur Verwendung auf dem Gebiet der empfangenden Vertragspartei und im Rahmen ihres Vertrags oder ihrer Verträge mit der betreffenden Vertragspartei, die Arbeiten im Zusammenhang mit dem Gegenstand der auf diese Weise weitergegebenen Informationen durchführt,

mit der Maßgabe, daß die gemäß den Buchstaben a) oder b) an irgendeine Person weitergegebenen Informationen mit einem Vermerk gekennzeichnet werden, der die Verbreitung außerhalb der Organisation des Empfängers beschränkt. Jede Vertragspartei wird alle

Anstrengungen unternehmen, um sicherzustellen, daß die Weitergabe von auf Grund dieser Vereinbarung erhaltenen vermögensrechtlichen Informationen wie hierin vorgesehen beschränkt wird.

ARTIKEL 8

Die auf Grund dieser Vereinbarung ausgetauschten Informationen unterliegen den Regelungen betreffend Patente in Artikel 10.

ARTIKEL 9

Die Anwendung oder Verwendung einer von den Vertragsparteien auf Grund dieser Vereinbarung ausgetauschten oder übermittelten Information obliegt der empfangenden Vertragspartei; die übermittelnde Vertragspartei übernimmt keine Gewähr dafür, daß diese Information für eine bestimmte Verwendung oder Anwendung geeignet ist.

ARTIKEL 10

1. Für jede im Rahmen dieser Vereinbarung gemachte oder konzipierte Erfindung oder Entdeckung gilt, falls nicht etwas anderes vereinbart wird (insbesondere gemäß Artikel 6):

- a) Sofern sie vom Personal einer Vertragspartei (der abordnenden Vertragspartei) oder ihren Auftragnehmern während der Abordnung zur anderen Vertragspartei (der empfangenden Vertragspartei) oder ihren Auftragnehmern, im Zusammenhang mit dem Austausch von Wissenschaftlern, Ingenieuren und anderen Spezialisten gemacht oder konzipiert wurde
 - (1) erwirbt die empfangende Vertragspartei sämtliche Rechte, Ansprüche und Anteile in bezug auf diese Erfindung, Entdeckung, Patentanmeldung oder dieses Patent in ihrem Land und in Drittländern, vorbehaltlich der Einräumung einer nicht ausschließlichen, unwiderruflichen, gebührenfreien Lizenz an die abordnende Vertragspartei, mit der Berechtigung, Unterlizenzen an dieser Erfindung, Entdeckung, Patentanmeldung oder diesem Patent zur Nutzung bei der Herstellung oder Verwertung von besonderem Kernmaterial oder von Atomenergie zu erteilen;
 - (2) erwirbt die abordnende Vertragspartei sämtliche Rechte, Ansprüche und Anteile in bezug auf diese Erfindung, Entdeckung, Patentanmeldung oder dieses Patent in ihrem Land, vorbehaltlich einer nicht ausschließlichen, unwiderruflichen, gebührenfreien Lizenz an die empfangende Vertragspartei, mit der Berechtigung, Unterlizenzen an dieser Erfindung, Entdeckung, Patentanmeldung oder diesem Patent zur Nutzung bei der Herstellung oder Verwertung von besonderem Kernmaterial oder von Atomenergie zu erteilen.

- b) Sofern sie von einer Vertragspartei oder ihren Auftragnehmern als unmittelbares Ergebnis der Verwendung von Informationen, die ihr auf Grund dieser Vereinbarung durch die andere Vertragspartei oder ihre Auftragnehmer oder während eines Seminars oder anderer gemeinsamer Tagungen mitgeteilt wurden, gemacht oder konzipiert wurde, erwirbt die Vertragspartei, die die Erfindung gemacht hat, sämtliche Rechte, Ansprüche und Anteile in bezug auf diese Erfindung, Entdeckung, Patentanmeldung oder dieses Patent in allen Ländern, vorbehaltlich der Einräumung einer gebührenfreien, nichtausschließlichen, unwiderruflichen Lizenz an die andere Vertragspartei, mit der Berechtigung, Unterlizenzen an dieser Erfindung, Entdeckung, Patentanmeldung oder diesem Patent in allen Ländern zur Nutzung bei der Herstellung oder Verwertung von besonderem Kernmaterial oder von Atomenergie zu erteilen.
- c) In bezug auf andere besondere Formen der Zusammenarbeit einschließlich des Austauschs von Materialien, Geräten und Ausrüstung für besondere gemeinsame Forschungsprojekte sorgen die Vertragsparteien für eine angemessene Aufteilung der Rechte an Erfindungen aus dieser Zusammenarbeit. Im allgemeinen sollte jedoch jede Vertragspartei normalerweise über die Rechte an derartigen Erfindungen in ihrem Lande verfügen, mit einer nicht ausschließlichen, unwiderruflichen, gebührenfreien Lizenz für die andere Vertragspartei; die Rechte an derartigen Erfindungen in anderen Ländern sollten von den Vertragsparteien auf der Grundlage der Billigkeit vereinbart werden.
- d) Es wird davon ausgegangen, daß jede Vertragspartei nach dem Inkrafttreten der Europäischen Patentkonventionen (Übereinkommen über die Erteilung europäischer Patente; Übereinkommen über das europäische Patent für den Gemeinsamen Markt) eine Änderung dieses Absatzes 1 beantragen kann, um im Rahmen der Europäischen Patentkonventionen die gleichen Rechte einzuräumen, wie sie gemäß den Buchstaben a) bis c) vorgesehen sind.

2. Die Vertragsparteien werden Staatsangehörige des Staates der anderen Vertragspartei bei der Erteilung von Lizenzen oder Unterlizenzen an Erfindungen nach Absatz 1 nicht diskriminieren. Es wird davon ausgegangen, daß die Lizenzierungspolitik und -praxis jeder Vertragspartei durch das Recht der beiden Vertragsparteien, Lizenzen in einem einzigen Hoheitsgebiet zu vergeben, berührt werden können. Demnach kann jede Vertragspartei für eine Einzelerfindung oder eine Gruppe von Erfindungen beantragen, daß die Vertragsparteien einander konsultieren, um jede nachteilige Wirkung, die parallele Lizenzierungsbefugnisse auf die Politik und die Praxis der Vertragsparteien haben könnten, zu mindern oder auszuschließen.

3. Jede Vertragspartei verzichtet auf alle Ansprüche auf Ausgleich, Gebühren oder Entschädigung gegen die andere Vertragspartei in

bezug auf Erfindungen, Entdeckungen, Patentanmeldungen oder Patente, die im Rahmen dieses Übereinkommens gemacht oder konzipiert wurden, und stellt die andere Vertragspartei von allen derartigen Ansprüchen frei; hierzu gehören auch Ansprüche nach den Bestimmungen des Atomenergiegesetzes (Atomic Energy Act) der Vereinigten Staaten von Amerika von 1954, in der geänderten Fassung, und des deutschen Arbeitnehmererfindergesetzes vom 25. Juli 1957 (BGBl. 1957, Teil I, Seite 756), in der geänderten Fassung; der BMFT übernimmt die Verpflichtung nach dem genannten deutschen Gesetz für die Verwertung von Patenten durch die ERDA oder in ihrem Auftrag.

ARTIKEL 11

1. Im gegenseitigen Einvernehmen kann die entsendende Vertragspartei Ausrüstungsgegenstände für die Verwendung in gemeinsamen Projekten und Experimenten zur Verfügung stellen. In derartigen Fällen stellt die entsendende Vertragspartei so schnell wie möglich eine ausführliche Liste der zu liefernden Ausrüstung einschließlich der relevanten Spezifikationen und technischen und informativen Dokumentation zur Verfügung.

2. Die von der entsendenden Vertragspartei für die Verwendung in gemeinsamen Projekten und Experimenten zur Verfügung gestellten Ausrüstungsgegenstände und erforderlichen Ersatzteile bleiben ihr Eigentum und werden nach Beendigung des gemeinsamen Projekts oder Experiments an die entsendende Vertragspartei zurückgegeben, sofern nichts anderes vereinbart ist.

3. Die obengenannten Ausrüstungsgegenstände finden in der gastgebenden Einrichtung nur in gegenseitigem Einvernehmen zwischen den Vertragsparteien oder ihren maßgebenden Vertretern in dieser Einrichtung Verwendung.

4. Die gastgebende Einrichtung stellt die für die Ausrüstung erforderlichen Räumlichkeiten zur Verfügung und liefert auch elektrischen Strom sowie Wasser, Gas etc. entsprechend den gemeinsam zu vereinbarenden technischen Erfordernissen.

5. Die Verantwortung und die Kosten für den Hin- und Rücktransport der Ausrüstung und der Materialien auf dem Luft- oder Seeweg zwischen den Vereinigten Staaten von Amerika und einem autorisierten Eingangshafen in der Bundesrepublik Deutschland in der Nähe des endgültigen Bestimmungsortes sowie die Verantwortung für die sichere Verwahrung und die Transportversicherung trägt die ERDA.

6. Die Verantwortung und die Kosten für den Hin- und Rücktransport der Ausrüstung und der Materialien auf dem Luft- oder Seeweg zwischen der Bundesrepublik Deutschland und einem autorisierten Eingangshafen in den Vereinigten Staaten von Amerika in der Nähe des endgültigen Bestimmungsortes sowie die Verantwortung für die sichere Verwahrung und die Transportversicherung trägt der BMFT.

7. Die von der entsendenden Vertragspartei für die Durchführung gemeinsamer Projekte oder Experimente zur Verfügung gestellte

Ausrüstung gilt als wissenschaftliche Ausrüstung ohne kommerzielle Eigenschaften.

ARTIKEL 12

1. Jede Vertragspartei sorgt für die Auswahl von entsprechendem Personal, das die für die Durchführung der vereinbarten Gemeinschaftsprojekte erforderlichen Fähigkeiten und Qualifikationen besitzt. Bei der Durchführung derartiger Gemeinschaftsprojekte wird das von beiden Vertragsparteien ausgewählte Personal der gastgebenden Einrichtung angeschlossen.

2. Jede Vertragspartei ist für die Zahlung von Gehältern, Versicherungsbeiträgen und Zulagen an ihr Personal verantwortlich.

3. Jede Vertragspartei kommt für die Reise- und Unterhaltskosten ihres Personals während des Aufenthalts an der gastgebenden Einrichtung auf, sofern nichts anderes vereinbart wurde.

4. Die gastgebende Einrichtung sorgt für entsprechende Unterbringung des Personals der anderen Vertragspartei und seiner Familie in gegenseitigem Einvernehmen.

5. Jede Vertragspartei lässt den Spezialisten der anderen Vertragspartei (und ihren Familien) die erforderliche Unterstützung zuteil werden hinsichtlich administrativer Formalitäten (Reisearrangements etc.).

6. Das Personal jeder Vertragspartei hält sich an die an der gastgebenden Einrichtung geltenden allgemeinen Arbeitsvorschriften und Sicherheitsbestimmungen.

ARTIKEL 13

Beide Vertragsparteien stimmen überein, daß hinsichtlich der Entschädigung für während der Durchführung gemeinsamer Projekte verursachte Schäden folgende Bestimmungen gelten sollen. Es wird davon ausgegangen, daß diese Entschädigung sich nach den Gesetzen des Landes richtet, auf dessen Hoheitsgebiet der Schaden eingetreten ist, sofern nichts anderes vereinbart wurde.

1. Schäden zwischen den Vertragsparteien

- a) Jede Vertragspartei ist allein verantwortlich für die Zahlung von Entschädigungen für Schäden, die ihrem Personal entstanden sind, unabhängig davon, wo der Schaden eingetreten ist, und verlangt keinerlei Ersatz für Schäden, die an ihrem Eigentum entstanden sind, sofern Absätze 1.b) und 1.c) nichts anderes bestimmen.
- b) Falls der dem Personal einer Vertragspartei entstandene Schaden grob fahrlässig oder vorsätzlich durch das Personal der anderen Vertragspartei verursacht wurde, erstattet letztere der ersteren eine vereinbarte Summe, die die erstere der Person oder den Personen, die den Schaden erlitten haben, zu zahlen verpflichtet ist.

- c) Falls ein Schaden am Eigentum einer Vertragspartei grob fahrlässig oder vorsätzlich durch das Personal der anderen Vertragspartei verursacht wurde, entschädigt letztere die erstere für den erlittenen Schaden.

2. Schäden mit Beteiligung Dritter

a) Schadhafte Ausrüstung

Für Schäden, die dem Personal oder am Eigentum Dritter durch die schadhafte Ausrüstung einer Vertragspartei entstehen, wird Schadensersatz geleistet durch die Vertragspartei, welcher die Ausrüstung gehört, sofern Absatz 2.c) nichts anderes bestimmt.

b) Durch das Personal

Für Schäden, die dem Personal oder am Eigentum Dritter durch das Personal einer Vertragspartei entstehen, wird durch die Vertragspartei Schadensersatz geleistet, auf deren Hoheitsgebiet der Schaden eingetreten ist, sofern Absatz 2.c) nichts anderes bestimmt.

c) Grob fahrlässiges oder vorsätzliches Handeln

Wurde der in Absatz 2.a) und 2.b) bezeichnete Schaden durch grob fahrlässiges oder vorsätzliches Handeln des Personals einer Vertragspartei verursacht, trägt diese Vertragspartei die finanzielle Verantwortung gegenüber Dritten.

d) Durch Dritte verursachte Schäden

Für den Fall, daß dem Personal oder am Eigentum einer der beiden Vertragsparteien durch einen Dritten irgendwelcher Schaden entsteht, leistet jede der beiden Vertragsparteien der anderen Hilfe bei der Durchsetzung ihrer Forderung gegenüber dem Dritten.

e) Klärung von Fragen

Die Vertragspartei, auf deren Hoheitsgebiet der Schaden eingetreten ist, nimmt es auf sich, in Abstimmung mit der anderen Vertragspartei alle mit der Feststellung von Ursachen, Ausmaß und Notwendigkeit des Schadensersatzes zusammenhängenden Fragen mit dem Dritten zu klären. Jede diesbezügliche Einigung bedarf der Zustimmung der anderen Vertragspartei. Nach Regelung der Angelegenheit einigen sich beide Vertragsparteien einvernehmlich hinsichtlich des Schadensersatzes.

3. Bei Meinungsverschiedenheiten setzen die Vertragsparteien einen paritätisch besetzten Ausschuß ein. Die Beschlüsse des Ausschusses werden dem BMFT und der ERDA vorgelegt, die die Beschlüsse prüfen und gemeinsam eine endgültige Entscheidung treffen.

4. Die vorstehenden Bestimmungen gelten nicht für durch ein nukleares Ereignis verursachte Schäden im Sinne der Gesetze der Vertragsparteien. Die Höhe des Schadensersatzes für durch ein nukleares Ereignis verursachte Schäden richtet sich nach den Gesetzen der Vertragsparteien.

5. Definitionen

- a) "Personal" einer Vertragspartei sind die Bediensteten der Vertragspartei, ihre Auftragnehmer und Unterauftragnehmer, die im Rahmen dieser Vereinbarung Leistungen erbringen, sowie die Bediensteten dieser Auftragnehmer und Unterauftragnehmer, die im Rahmen dieser Vereinbarung Leistungen erbringen.
- b) "Ausrüstung" oder "Eigentum einer Vertragspartei" sind die Ausrüstung oder das Eigentum im Besitz der betreffenden Vertragspartei oder des Auftragnehmers oder der Unterauftragnehmer der betreffenden Vertragspartei, die in Zusammenhang mit den gemeinsamen Projekten im Rahmen dieser Vereinbarung Leistungen erbringen.

ARTIKEL 14

1. Die Bestimmungen dieser Vereinbarung berühren nicht die Rechte und Pflichten der Vertragsparteien aus anderen Abkommen oder Vereinbarungen. Diese Vereinbarung schließt auch nicht aus, daß Handelsfirmen oder andere nach Maßgabe der Gesetze gegründete Unternehmen in jedem der beiden Länder im Rahmen der in dem betreffenden Land geltenden gesetzlichen Bestimmung Handelsgeschäfte tätigen; sie schließt auch nicht aus, daß die Vertragsparteien mit anderen Regierungen oder Personen zusammenarbeiten. Darüber hinaus wird erwartet, daß diese Vereinbarung den industriellen und gewerblichen Austausch auf dem Gebiet des SNR zwischen den Firmen der Länder der Vertragsparteien im Hinblick auf die beiden Ländern aus einem solchen Austausch erwachsenden Vorteile erleichtern wird.

2. Der BMFT und die ERDA dienen als Koordinierungsstelle für Verträge und Vereinbarungen zwischen Handelsfirmen der Bundesrepublik Deutschland und der Vereinigten Staaten von Amerika, wenn diese Firmen im Auftrag ihrer jeweiligen Regierung im Rahmen dieser Vereinbarung handeln. Es gilt als vereinbart, daß alle derartigen Verträge und Vereinbarungen den in den Ländern der Vertragsparteien geltenden gesetzlichen Vorschriften genügen müssen. Der BMFT ist berechtigt, die INB gemäß Artikel 4 zu benennen.

ARTIKEL 15

Die Zusammenarbeit im Rahmen dieser Vereinbarung erfolgt in Übereinstimmung mit den gesetzlichen Bestimmungen der betreffenden Länder. Alle sich in ihrem Verlauf ergebenden Fragen in bezug auf diese Vereinbarung werden von den Vertragsparteien einvernehmlich geregelt.

ARTIKEL 16

Jede Vertragspartei trägt die Kosten ihrer Beteiligung an den Aktivitäten im Rahmen dieser Vereinbarung. Es wird davon ausge-

gangen, daß die Fähigkeit der Vertragsparteien, ihre Verpflichtungen zu erfüllen, von der Verfügbarkeit dafür bestimmter Mittel abhängt.

ARTIKEL 17

Diese Vereinbarung gilt auch für das Land Berlin, sofern nicht die Regierung der Bundesrepublik Deutschland gegenüber der Regierung der Vereinigten Staaten von Amerika innerhalb von drei Monaten nach Inkrofttreten der Vereinbarung eine gegenteilige Erklärung abgibt.

ARTIKEL 18

1. Diese Vereinbarung tritt nach ihrer Unterzeichnung in Kraft, hat eine Laufzeit von zehn Jahren und kann im gegenseitigen Einvernehmen verlängert werden. Durchführung und Fortschritte im Rahmen dieser Vereinbarung können einer jährlichen Prüfung durch die Vertragsparteien unterliegen.

2. Jede Vertragspartei kann diese Vereinbarung jederzeit außer Kraft setzen, indem sie der anderen Vertragspartei ihre Absicht ein Jahr im voraus schriftlich notifiziert. Eine solche Beendigung erfolgt unbeschadet der Rechte, die eine Vertragspartei während der Dauer der Vereinbarung bis zum Zeitpunkt der Beendigung erworben hat.

3. Für den Fall, daß während der Laufzeit dieser Vereinbarung das SNR-Programm einer Vertragspartei sich wesentlich ändert, sei es durch erhebliche Erweiterung, Reduzierung, Umgestaltung oder durch Verschmelzung von wichtigen Elementen mit dem SNR-Programm eines Dritten, so hat jede Vertragspartei das Recht, eine Revision bezüglich Umfang und/oder Bedingungen dieser Vereinbarung zu verlangen.

4. Alle bei Beendigung der Vereinbarung noch nicht abgeschlossenen gemeinsamen Arbeiten und Experimente werden bis zu ihrem Abschluß nach den Bestimmungen der Vereinbarung weitergeführt.

Geschehen zu Bonn am 8. Juni 1976 in zwei Urschriften, jede in deutscher und englischer Sprache, wobei jeder Wortlaut gleichermaßen verbindlich ist.

HANS MATTHOEFER

DER BUNDESMINISTER FÜR
FORSCHUNG UND
TECHNOLOGIE

MARTIN J. HILLENBRAND

FÜR DIE ENERGY
RESEARCH AND
DEVELOPMENT
ADMINISTRATION DER
VEREINIGTEN STAATEN

FEDERAL REPUBLIC OF GERMANY

**Defense: Development of an Advanced Surface-To-Air
Missile System**

*Memorandum of understanding signed at Washington and
Bonn July 16 and 22, 1976;
Entered into force July 22, 1976.*

**MEMORANDUM OF UNDERSTANDING
BETWEEN**
**THE GOVERNMENT OF THE UNITED STATES OF AMERICA
REPRESENTED BY THE DEPARTMENT OF THE NAVY
AND**
**THE GOVERNMENT OF FEDERAL REPUBLIC OF GERMANY
REPRESENTED BY THE FEDERAL MINISTRY OF DEFENSE
CONCERNING**
**COOPERATIVE DEVELOPMENT OF AN ADVANCED
SURFACE-TO-AIR MISSILE SYSTEM**

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SECTION I

Introduction

1. The Government of the United States of America and the Federal Republic of Germany (hereinafter referred to as the "Participating Governments") respectively represented by the Department of the Navy and the Federal Ministry of Defense having each identified a military requirement for an Advanced Surface-to-Air Missile System for use in the Anti-Ship Missile Defense role, have decided to undertake jointly and cooperatively the development of such a System as a project under the "Memorandum of Understanding Applicable to the United States-Federal Republic of Germany Cooperative Research and Development" dated 1 August 1963.

2. The ASMD Missile System Development Project, initiated by the U.S. Government in 1975 employing technology developed in the Dual Mode Redeye Program and components from several ongoing U.S. Missile programs, is intended to proceed in two phases which are the Validation Phase and the Full Scale Development Phase. It is contemplated also that upon successful completion of the Full Scale Development, the Participating Governments will proceed with a cooperative project for the production of their national requirements for the ASMD Missile System. This Memorandum states the terms for the conduct of the Validation Phase and contains provisions regarding the initiation of the Full Scale Development Phase. It is intended, however, that commitment of the Participating Governments to participate in Full Scale Development and Production will be undertaken upon their respective approval and signature of later Memoranda of Understanding.

SECTION II

Objectives

1. The overall objective of the cooperative project is the development, evaluation, and production of an ASMD Missile System responsive to the common and particular national requirements of the Participating Governments. Pending the results of the Validation Phase the requirements for the System are described in the U.S. Navy Operational Requirement OR SAA-24 dated 20 May 1975 and FRG Navy Objectives Fue M VII 2 dated 24 May 1976. Deployment in the 1981 time frame is a mutual objective.

2. Under the cooperative project for the development of an ASMD Missile System —

- a. A completely new missile, incorporating subsystems common or similar to existing missiles in the United States inventory, will be developed.
- b. The ASMD Missile System development will be oriented, to the greatest practicable extent, towards the use, as System elements, of equipments (such as search and acquisition radars

- and passive intercept receivers) developed under separate auspices.
- c. It is envisioned, however, that the development of unique equipment and software for the System will be required.
 - d. In addition, every effort will be made during the development process to use existing weapons control, launching systems and range instrumentation equipments in support of the test and evaluation effort.
3. The following are the objectives of the Development Stage and the Production Stage:
- a. Development Stage -
 - (i) Validation Phase - through the conduct of studies, tests and trials, to obtain performance results and cost information which support national decisions to proceed with Full Scale Development and to formulate technical documentation adequate for the award of Full Scale Development contracts.
 - (ii) Full Scale Development Phase - through the conduct of studies, the definition and fabrication of hardware, and the performance of the tests and trials of ASMD Missile System elements; to obtain results pertaining to performance and operational suitability as well as cost information which will support national decisions to proceed with production of the System and to formulate technical documentation adequate for the award of production contracts.
 - b. Production Stage - the acquisition of production documentation and the quantities of ASMD Missile System corresponding to the national requirements of the Participating Governments.

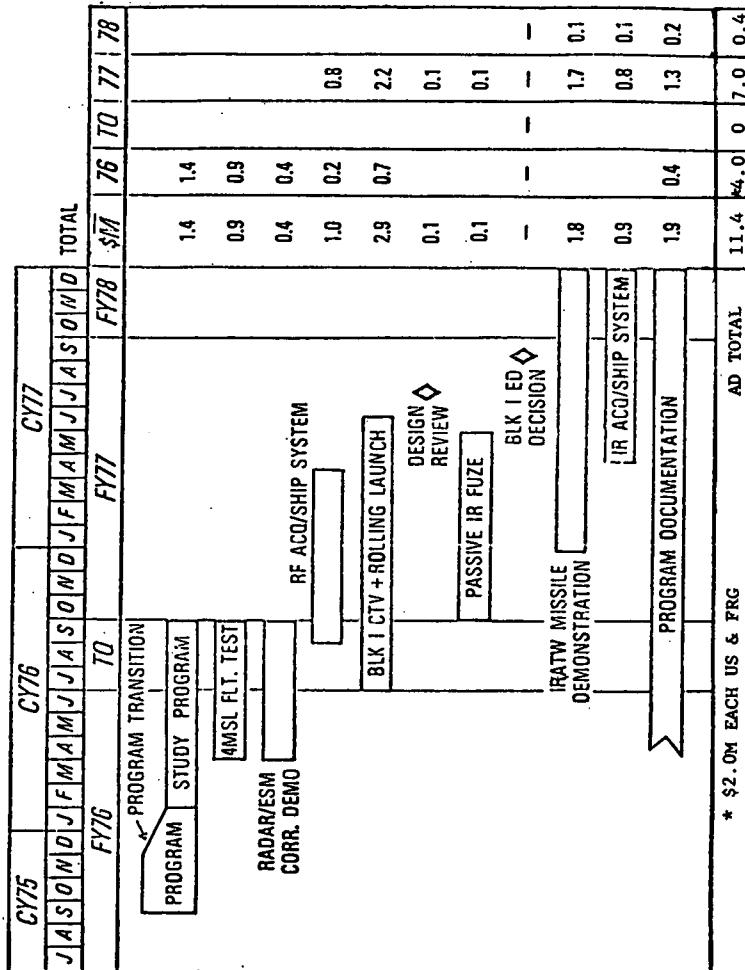
SECTION III

Scope

1. The following work (as depicted in Figure 1 attached hereto) will be conducted during the Validation Phase:
- a. Describe the efforts of the Validation Phase.
 - b. Conduct of Validation Phase missile flight test program.
 - c. Performance of design studies and demonstrations related to the ship system elements of the ASMD Missile System, based upon representative configurations.
 - d. Preparation of technical and program documentation, including specifications, required for the placement of contracts for performance of Full Scale Development effort. This documentation will also address the participation of the national industries of both countries in Full Scale Development and, ultimately, in production of the ASMD Missile

ASMD MISSILE SYSTEM

FIGURE III-1



- System. The Prime Contractor selected for the overall development effort will assist in this process.
- e. As part of the Validation Phase, the U.S. Government will conduct such technical tests and trials, including sea trials, using ships, target and range facilities to the extent usually required with regard to equipment of the type involved in this project.
 - f. Formulation of the terms of a Memorandum of Understanding between the Participating Governments regarding cooperative Full Scale Development, including the terms of the utilization of any background rights involved in this program.
 - g. Preparation of technical and program documentation necessary to permit decisions by the United States Department of Defense and the Federal Ministry of Defense to enter Full Scale Development in late Calendar Year 1977.
2. Should the need arise, the Participating Governments will make available to one another, on a loan basis in accordance with arrangements to be agreed upon, equipments and materials for the conduct of such tests and trials as are considered to be in furtherance of the objectives, and within the scope, of the Validation Phase. Such arrangements shall include provisions whereby the Government furnishing the equipment or material will receive copies of the test reports and other technical information generated during such tests and trials.

SECTION IV

Principles for Full Scale Development and Production

1. Should the Participating Governments, after completion of the Validation Phase, decide to continue the cooperative effort, it is envisioned that the following work will be conducted during the Full Scale Development Phase:

- a. Performance of design studies and demonstrations related to specific ship configurations of the ASMD Missile System.
- b. Definition, fabrication, test and trial of system hardware.
- c. Preparation of technical and program documentation necessary to permit production decisions by national authorities of the Participating Governments.
- d. Formulation of the terms of a Memorandum of Understanding between the Participating Governments regarding cooperative production of the ASMD Missile System.
- e. Preparation of technical and program documentation required to enter into production arrangements with industry for the procurement of the requirements of the Participating Governments for the System.

2. The Participating Governments furthermore agree to start the Full Scale Development Phase on the following assumptions:
 - a. The FRG may participate in the management of the project, under the terms of the "MOU Applicable to the U.S.-FRG Cooperative Research and Development" dated 1 August 1963, using a senior national representative to communicate the requirements of his government to the U.S. Program Manager. U.S. procedures will be followed throughout.
 - b. FRG industry may participate in Full Scale Development to the extent that such participation is not detrimental to the achievement of the program objectives.
 - c. Participating Governments share equally rights in technical information which is developed during and is within the cooperative scope of the Validation, Full Scale Development, and Production Phases of the Missile System Program.
 - d. When establishing the formula for the sharing of program costs between Participating Governments due account shall be taken of foreseeable national production requirements.
3. It is contemplated that during the Production Stage, the Participating Governments will cooperatively acquire their individual requirements for the ASMD Missile System and will implement such arrangements as may be agreed to for the installation, test and check-out and cooperative logistic support of such acquired Systems.

SECTION V Management

1. The U.S. Department of the Navy will have the overall responsibility for the implementation and management of the Validation Phase, using its own procedures for the technical direction of the project and for negotiation, placing and administering contracts. The U.S. Department of the Navy has appointed the Commander, Naval Sea Systems Command (PMS-404-50) as the Project Manager for the Validation Phase. The Project Manager will be responsible for the management and coordination of the project work. The Project Manager may arrange for the performance of U.S. Navy work which, although related to the ASMD Missile System, is not within the scope of the Validation Phase. The cost of such work, which is outside the scope of the Validation Phase will be borne by the U.S. Government. The costs of work arranged by the FRG Ministry of Defense which, although related to the ASMD Missile System, is not within the scope of the Validation Phase will be borne by the FRG Government. The Project Manager and his representatives are authorized to establish and maintain direct liaison with designated personnel of the FRG Ministry of Defense for the purpose of implementation of this Memorandum of Understanding. Any event which would significantly affect the schedule or cost of the Validation Phase of the project will

be the subject of prompt consultation by the Participating Governments.

2. The FRG Ministry of Defense may assign up to three professional personnel plus necessary support at no expense to the U.S. Government for service in the ASMD Missile System Project Office. The duties of such personnel shall be to assist the Project Manager in reaching a common and mutual understanding of the needs of both Participating Governments. The U.S. Government shall provide, at no additional cost to the FRG Government, suitable office space for such personnel.

SECTION VI

Visits to Establishments

1. Each Participating Government will, within reason and upon request, permit visits to government establishments, agencies and laboratories, and contractors' industrial facilities in which the work under the cooperative project is being performed, for the purpose of studying such work, by personnel authorized by the other Participating Government who:

- a. Are either its own employees or employees of its contractors who are charged with special tasks within the cooperative project; and
- b. Have the appropriate security clearance.

These visits will be carried out in such manner as not to delay the work.

2. Requests for visits permissible under paragraph 1 by personnel of one nation to an establishment of the other nation will be coordinated through the Project Manager. After approval in principle, a formal visit request forwarding the requisite certificate of security clearance for the personnel making the visit will be transmitted to the host nation.

3. All such visiting personnel will comply with all security regulations and any trade secrets and proprietary technical data disclosed to visitors will be treated as if supplied to the Participating Government sponsoring the visiting personnel.

SECTION VII

Exchange of Technical Information

1. During the Validation Phase the Participating Governments will exchange information on all aspects of the cooperative project work.

2. In the common security interest each Participating Government undertakes not to transfer to any person not an officer or agent (including contractors performing work in connection with this cooperative project) of that Participating Government, or to any other Government, title to or possession of any equipment, material, or technical data furnished by the other Participating Government

under this Memorandum without the prior written consent of the furnishing Government.

3. The technical information to be made available by either Participating Government under this Section and Section VIII of this Memorandum to the other Participating Government is solely for use in monitoring the program of work of the Validation Phase described in Section III of this Memorandum and in the interest of national planning for the introduction of the ASMD Missile System. Any other use of such technical information will be the subject of subsequent consultations between the Governments after completion of the Validation Phase.

4. All exchanges of information under this Memorandum shall be accomplished through the Project Manager.

SECTION VIII

Reports

1. As soon as practicable after entry into effect of this Memorandum of Understanding, the Project Manager will furnish, to the FRG Ministry of Defense, all reports and technical documentation prepared with regard to studies and tests previously performed by the U.S. Navy relating to the 5" Anti-Ship Missile Defense Program, including information such as warhead effectiveness studies and specifications for the missile and launcher. The Project Manager shall also then provide a report which makes an assessment as to the likelihood of achieving compliance with the requirements as set forth in Section II paragraph 1.

2. During the course of the Validation Phase, the Project Manager will furnish to the FRG Ministry of Defense a progress report as of June 30th and December 31st of each year within 60 days following the end of the reporting period. Such report shall contain a detailed statement of the progress made since the submission of the last report and such other related technical and financial information as may be necessary for a full understanding of the status of the project. The foregoing shall not preclude the Participating Governments from agreeing that intermediate special reports responsive to specific FRG Ministry of Defense information requests shall be submitted.

3. A final report will be presented to the FRG Ministry of Defense at the end of the Validation Phase. Such report will include copies of documentation such as specifications, general assembly drawings, sketches, schematic diagrams and photographs.

SECTION IX

Financial Commitments

1. The estimated total cost of the Validation Phase is \$17.0 million of which \$10.5 million is agreed, subject to the provisions of paragraph 2, to be borne by the U.S. Government and \$6.5 million is

agreed to be borne by the FRG Government. These agreed shares will be funded by the two Governments in accordance with the following table:

	YEAR	1975	1976	1977
United States	(FY)	\$5.5M	\$2.0M	\$3.0M
Federal Republic of Germany	(CY)	-0-	\$2.0M	\$4.5M

2. The obligation of the U.S. Government to provide its 1977 contribution is dependent upon the authorization and appropriation of funds by the Congress of the United States.

3. The FRG Government shall effect the payments pursuant to paragraph 1 above by deposit of the amounts thereof in United States of America Dollars into the U.S. Treasury. Payments of the U.S. Government in respect to the Fiscal Years 1975 and 1976 were effected prior to entry into force of this Memorandum. Payment by the U.S. Government for its Fiscal Year 1977 contribution shall be deemed to have been effected upon receipt by the Project Manager of a statement indicating that funds in the stated amount are available for obligation and expenditure. The contribution of the FRG Government for the 1976 shall be paid within 30 days after entry into effect of this Memorandum. The contribution of the Participating Governments for the year 1977 shall be paid within 60 days after commencement of their respective Fiscal Year 1977.

4. It is noted that, as of the outset of the Validation Phase, no contribution is required to be made by the FRG Government for the costs of the work of the Validation Phase performed in the United States Fiscal Year 1975. Should there be a need, because of unforeseen circumstances, to exceed the \$17 million dollar Validation Phase cost or should the Validation Phase cost be less than the estimated total cost, the cost sharing of the additional funds or the distribution of the unexpended funds will be determined by mutual agreement.

SECTION X

Security

1. All classified material and information exchanged, held or used in connection with this project will be stored, handled, transmitted and safeguarded in accordance with the provisions of the Security Agreement between the two Governments dated 23 December 1960.

The following security rules will apply:

- a. The Project Manager will draw up the necessary implementing regulations and all will exercise security responsibility within the Project Office. There will be no automatic release of information to non-participating governments. Release of such information will require approval of the Participating Governments.

- b. Each Participating Government will undertake to maintain the security classifications assigned to information or material by the releasing Participating Government and will afford to such information or material the same degree of security protection provided by the releasing Participating Government.
- c. The Participating Government in whose territory work is carried out will determine the security classification to be applied to material and information originating within that country. If any such item contains or discloses identifiable classified information contributed by any of the Participating Governments, the security classification of that item will not be lower than the security classification assigned to such identifiable information by the originating Participating Government.
- d. At any facility wherein classified information furnished by another Participating Government is to be used, the receiving Participating Government shall designate a person of sufficient authority to exercise effectively the responsibilities for safeguarding, at such facility, the information pertaining to this project. After consultation with the appropriate security agencies, this designated person shall be responsible for limiting access to classified material involved in the project to those persons who have been properly cleared and are under a need-to-know obligation. No Participating Government shall provide without the prior consent of the originating Participating Government, information furnished by the originating Participating Government to any facility whose financial, administrative, policy or management control is directed by persons or entities who are nationals or any non-participating state.

SECTION XI

Participation of Additional Governments

Should an additional Government or Governments desire to participate in the cooperative project, the Participating Governments will consult together and, upon mutual agreement that such expanded participation is desirable and appropriate, will jointly negotiate with the applicant Government reasonable and equitable conditions of such participation.

SECTION XII

Termination

1. The Participating Governments have entered into this Memorandum of Understanding with the intention of carrying through the Validation Phase to completion.
2. If either Participating Government considers it necessary to discontinue its participation in the Validation Phase the following provisions will apply:

- a. Any proposal for termination will be subject to immediate consultation between the Participating Governments to enable them to fully evaluate the consequences of such termination.
 - b. If, after such consultation, the remaining Participating Government decides to continue the Validation Phase, the terminating government shall give 90 days written notice of its intention to terminate unilaterally, and will continue its participations, financial and otherwise, in the Validation Phase until the expiration of the said period. The terminating government will bear the costs occasioned by its termination, and will submit to the remaining Participating Government final reports on the status of work being performed in its country as of the effective date of the termination.
 - c. The withdrawing government will not be liable for any payments for work carried out under this Memorandum after the expiration of the notice period.
3. If the Participating Governments agree to discontinue the Validation Phase on a bilateral basis, each Participating Government will bear its own termination costs and the Participating Governments will enter into arrangements satisfactory to both governments covering the other terms on which the Validation Phase will be terminated.
4. If, in the event of termination, whether unilateral or otherwise, either of the Participating Governments wishes to continue the work being performed in a terminating government's country, then such terminating government will use its good offices, subject to its own laws, policies and defense requirements, to ensure that such work is satisfactorily performed. The government continuing such work will assume full liability for the costs incurred in continuing the work including fair and reasonable management costs. By way of implementation of the foregoing, the U.S. Government agrees that in each contract or arrangement for the performance of work within the scope of this Memorandum of Understanding there shall be included provisions whereby in the event of termination of participation by the U.S. Government, the FRG Government at its request shall be substituted for the U.S. Government as the contracting government under such contract or arrangement.

SECTION XIII

Effective Date

This Memorandum of Understanding as written in both the English and German language, each being equally binding, shall become effective upon execution thereof by both Governments.

FOR THE FEDERAL REPUBLIC
OF GERMANY REPRESENTED
BY THE FEDERAL MINISTRY
OF DEFENSE

EBERHARD
(Signature)
*Eberhard, Ministerialdirektor [1]
Abteilungsleiter Rüstung*

22. Juli 1976
(Date)

FOR THE UNITED STATES OF
AMERICA REPRESENTED BY
THE DEPARTMENT OF THE
NAVY

P B ARMSTRONG
(Signature)
*P. B. Armstrong
Vice Admiral, U.S. Navy
Director*

*Research, Development, Test and
Evaluation*

16 July 1976
(Date)

¹ In translation reads: "Ministerial Director
Chief, Armament Division"

**VEREINBARUNG
ZWISCHEN
DER REGIERUNG DER VEREINIGTEN STAATEN VON
AMERIKA
VERTRETEREN DURCH DAS DEPARTMENT OF THE NAVY
UND
DER REGIERUNG DER BUNDESREPUBLIK DEUTSCHLAND
VERTRETEREN DURCH DAS BUNDESMINISTERIUM DER
VERTEIDIGUNG
ÜBER
DIE GEMEINSAME ENTWICKLUNG EINES MODERNEN
FLA-FLUGKÖRPER-SYSTEM**

INHALTSVERZEICHNIS

Abschnitt I	Einführung
Abschnitt II	Zielsetzung
Abschnitt III	Umfang
Abschnitt IV	Grundsätze für Entwicklung und Fertigung
Abschnitt V	Management
Abschnitt VI	Besuch von Einrichtungen
Abschnitt VII	Austausch von technischen Informationen
Abschnitt VIII	Berichte
Abschnitt IX	Finanzielle Verpflichtungen
Abschnitt X	Sicherheit
Abschnitt XI	Beteiligung weiterer Regierungen
Abschnitt XII	Beendigung
Abschnitt XIII	Inkraftsetzungsdatum

ABSCHNITT I**Einführung**

1. Die Regierung der Vereinigten Staaten von Amerika und die Bundesrepublik Deutschland, vertreten durch das Department of the Navy bzw. durch das Bundesministerium der Verteidigung (nachfolgend: die "beteiligten Regierungen"), haben eine militärische Forderung nach einem modernen Fla-Flugkörpersystem für den Einsatz in der Seezielflugkörperabwehr (ASMD Missile System) festgestellt und beschlossen, die Entwicklung eines solchen Systems im Rahmen der "Vereinbarung über die deutschamerikanische Zusammenarbeit auf dem Gebiet der Forschung und Entwicklung" vom 1. August 1963 gemeinsam durchzuführen.

2. Das Projekt der Entwicklung eines Fla-Flugkörpersystems für den Einsatz in der Seezielflugkörperabwehr, welches von der US-Regierung im Jahre 1975 unter Verwendung der beim Dual Mode Redeye-Programm entwickelten Technologie und von Baugruppen aus verschiedenen, in der Durchführung befindlichen Flugkörperprogrammen der USA eingeleitet wurde, soll in zwei Phasen, der Bewertungsphase (Validation Phase) und der Entwicklungsphase (Full Scale Development Phase) durchgeführt werden. Ferner ist vorgesehen, daß die beteiligten Regierungen nach erfolgreichem Abschluß der Entwicklung zu einem Gemeinschaftsprojekt für die Fertigung ihres nationalen Bedarfs an ASMD-Flugkörpersystemen übergehen. Die vorliegende Vereinbarung enthält die Bedingungen für die Durchführung der Bewertungsphase und Bestimmungen für die Einleitung der Entwicklungsphase. Es ist jedoch beabsichtigt, daß die beteiligten Regierungen durch Annahme und Unterzeichnung weiterer Vereinbarungen Verpflichtungen zur Teilnahme an der vollständigen Entwicklung und Fertigung übernehmen.

ABSCHNITT II**Zielsetzung**

1. Das Gesamtziel des Gemeinschaftsprojekts ist die Entwicklung, Bewertung und Fertigung eines ASMD-Flugkörpersystems, das den gemeinsamen und besonderen nationalen Forderungen der beteiligten Regierungen entspricht. Bis zum Vorliegen der Ergebnisse der Bewertungsphase sind die Forderungen für das System im U.S. Navy Operational Requirement OR SAA-2A vom 20. Mai 1975 und in den Zielvorstellungen der deutschen Marine, Fü M VII 2 vom 24.5. 1976 beschrieben. Beide Seiten haben das Ziel, das Flugkörpersystem im Zeitraum 1981 einzuführen.

2. Im Rahmen des gemeinsamen Projekts für die Entwicklung eines ASMD-Flugkörpersystems.

a. wird ein vollständig neuer Flugkörper entwickelt, welcher Teilsysteme enthält, die denen der im US-Bestand vorhandenen Flugkörper gleichen oder ähneln;

- b. wird die Entwicklung des ASMD-Flugkörpersystems so weit wie möglich darauf ausgerichtet, unter der Federführung anderer Stellen entwickelte Geräte (z.B. Such- und Erfassungsradargeräte und passive Aufklärungsempfänger) als Systemelemente zu verwenden;
 - c. wird jedoch erwartet, daß die Entwicklung ausschließlich für das System vorgesehener Geräte und software erforderlich sein wird;
 - d. werden außerdem während der Entwicklung alle Anstrengungen unternommen, um für die Versuche und die Bewertung vorhandene Waffenleit-, Abschußsysteme und Geräte für die Instrumentierung der Schießanlage einzusetzen.
3. Für die Entwicklungsphase und die Fertigungsphase besteht folgende Zielsetzung:
- a. Entwicklung –
 - (i) Bewertungsphase – durch Studien, Versuche und Erprobungen werden Leistungswerte und Kostenangaben erarbeitet, die als Grundlage für die nationale Entscheidung über den Übergang zur vollständigen Entwicklung dienen, und eine für die Erteilung von Entwicklungsaufträgen ausreichende technische Dokumentation erstellt.
 - (ii) Vollständige Entwicklung – durch Studien, Definition und Herstellung von Gerät, durch Versuche und die Erprobung der einzelnen Baugruppen des ASMD-Flugkörpersystems werden Daten über die Leistung und die Eignung für den Einsatz sowie Kostenangaben ermittelt, die als Grundlage für die nationale Entscheidung über den Übergang zur Fertigung des Systems dienen, und eine für die Erteilung von Fertigungsaufträgen ausreichende technische Dokumentation erstellt.
 - b. Fertigung – Beschaffung der Fertigungsunterlagen und der ASMD-Flugkörpersysteme in Stückzahlen, die dem nationalen Bedarf der beteiligten Regierungen entsprechen.

ABSCHNITT III

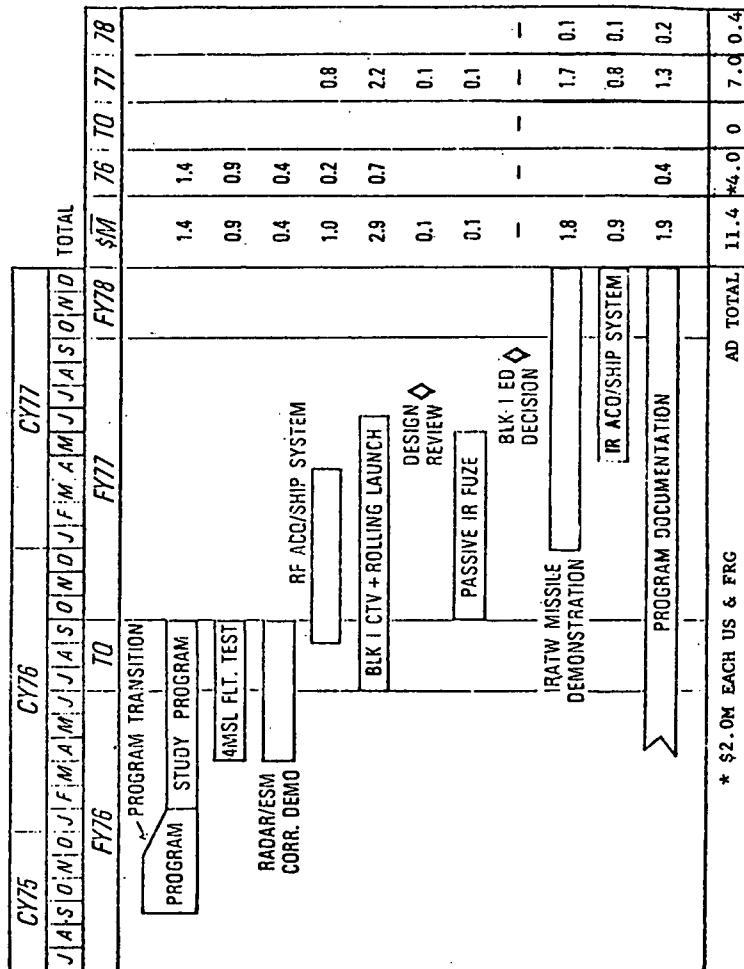
Umfang

1. Folgende Arbeiten, die in der als Anlage angefügten Fig. 1 dargestellt sind, werden während der Bewertungsphase (Validation Phase) durchgeführt:

- a. Beschreibung der Arbeiten der Bewertungsphase.
- b. Durchführung des FK-Flugerprobungsprogramms der Bewertungsphase.
- c. Durchführung der Konstruktionsstudien und Vorführungen in Zusammenhang mit den Schiffssystemelementen des ASMD-Flugkörpersystems aufgrund repräsentativer Rüstzustände.

FIGURE III-1

ASMD MISSILE SYSTEM



- d. Erstellung der technischen und Programmdokumentation, die für die Erteilung von Aufträgen für die Durchführung der vollen Entwicklung notwendig ist, einschließlich Spezifikationen. Diese Dokumentation behandelt auch die Beteiligung der nationalen Industrie beider Länder an der vollständigen Entwicklung und schließlich an der Fertigung des ASMD-Flugkörpersystems. Der für die Gesamtentwicklung ausgewählte Hauptauftragnehmer leistet dabei Unterstützung.
 - e. Im Rahmen der Bewertungsphase führt die US-Regierung technische Versuche und Erprobungen, einschließlich See-Erprobungen, durch, bei denen Schiffe, Ziele und Schießanlagen in dem Umfang eingesetzt werden, der gewöhnlich für Gerät der in diesem Projekt verwendeten Art erforderlich ist.
 - f. Formulierung der Bedingungen einer Vereinbarung zwischen den beteiligten Regierungen über die gemeinsame Entwicklung, einschließlich der Bedingungen für die Benutzung etwaiger Backgroundrechte, die für dieses Programm von Belang sind.
 - g. Erstellung der technischen und Programmdokumentation, die notwendig ist, damit das US-Verteidigungsministerium und das BMVg am Ende des Kalenderjahres 1977 die Entscheidung für den Eintritt in die volle Entwicklung treffen können.
2. Die beteiligten Regierungen können einander erforderlichenfalls auf Leihbasis und in Übereinstimmung mit vereinbarten Regelungen Geräte und Materialien für die Durchführung derjenigen Versuche und Erprobungen zur Verfügung stellen, die als den Zielen der Bewertungsphase förderlich und in ihrem Rahmen liegend angesehen werden. Diese Regelungen enthalten Bestimmungen, wonach die das Gerät oder Material bestellende Regierung Kopien der Erprobungsberichte und andere technische Informationen erhält, die bei diesen Versuchen und Erprobungen erarbeitet werden.

ABSCHNITT IV

Grundsätze Für Die Entwicklung und Fertigung

1. Sollten die beteiligten Regierungen nach Abschluß der Bewertungsphase beschließen, die gemeinsamen Arbeiten fortzusetzen, so ist vorgesehen, während der Entwicklungsphase folgende Arbeiten durchzuführen:
 - a. Durchführung von Konstruktionsstudien und Vorführungen in Zusammenhang mit bestimmten Schiffskonfigurationen für das ASMD-Flugkörpersystem.
 - b. Definition, Herstellung, Prüfung und Erprobung der Systemgeräte.
 - c. Erstellung der technischen und Programmdokumentation, die notwendig ist, damit die nationalen Behörden der beteiligten Regierungen Entscheidungen über die Fertigung treffen können.

- d. Formulierung der Bedingungen einer Vereinbarung zwischen den beteiligten Regierungen über die gemeinsame Fertigung des ASMD-Flugkörpersystems.
 - e. Erarbeitung der technischen und Programmdokumentation, die erforderlich ist, um im Hinblick auf die Deckung des Bedarfs der beteiligten Regierungen im Zusammenhang mit dem System Fertigungsvereinbarungen mit der Industrie treffen zu können.
2. Die beteiligten Regierungen vereinbaren weiterhin, mit der Entwicklungsphase unter folgenden Voraussetzungen zu beginnen:
- a. Die Bundesrepublik Deutschland kann sich am Projektmanagement im Rahmen der Bestimmungen der "Vereinbarung über die deutsch-amerikanische Zusammenarbeit auf dem Gebiet der Forschung und Entwicklung" vom 1. August 1965 beteiligen und einen leitenden nationalen Vertreter einsetzen, der dem US-Programmleiter die Forderungen seiner Regierung mitteilt. Es sind grundsätzlich die US-Verfahrensvorschriften anzuwenden.
 - b. Die deutsche Industrie kann sich an der Entwicklung beteiligen, soweit diese Beteiligung nicht von Nachteil für die Erreichung der Programmziele ist.
 - c. Die beteiligten Regierungen haben gleiche Rechte an technischen Informationen, die im Rahmen der Zusammenarbeit während der Bewertungs-, Entwicklungs- und Fertigungsphase des gemeinsamen ASMD-Flugkörpersystemprogramms erarbeitet werden.
 - d. Bei der Aufstellung der Formel für die Aufteilung der Programm-kosten auf die beteiligten Regierungen ist der vorhersehbare nationale Fertigungsbedarf entsprechend zu berücksichtigen.
3. Es ist vorgesehen, daß die beteiligten Regierungen während der Fertigungsphase gemeinsam ihren jeweiligen Bedarf an dem ASMD-Flugkörpersystem decken und diejenigen Regelungen anwenden, die für den Einbau, die Prüfung und Endkontrolle sowie die gemeinsame logistische Unterstützung der beschafften Systeme vereinbart werden.

ABSCHNITT V**Management**

1. Das United States Department of the Navy hat die Gesamt-verantwortung für die Durchführung und das Management der Bewertungsphase (Validation Phase) und wendet dabei seine eigenen Verfahren für die technische Leitung des Projekts und die Aushandlung, Vergabe und Abwicklung der Aufträge an. Das United States Department of the Navy hat den Commander, Naval Sea Systems Command (PMS-404-50) zum Projektleiter für die Bewertungsphase ernannt. Der Projektleiter ist verantwortlich für die Leitung und Koordinierung der Arbeiten im Rahmen des Projekts. Der Projektleiter kann Arbeiten durch die US-Marine durchführen lassen, die zwar mit dem ASMD-Flugkörpersystem zusammenhängen, aber nicht im Rahmen der

Bewertungsphase liegen. Die Kosten dieser Arbeiten, die nicht in den Rahmen der Bewertungsphase fallen, werden von der Regierung der Vereinigten Staaten getragen. Die Kosten der vom Bundesministerium der Verteidigung der Bundesrepublik Deutschland veranlaßten Arbeiten, die zwar im Zusammenhang mit dem ASMD-Flugkörper-system stehen, jedoch nicht in den Rahmen der Bewertungsphase fallen, werden von der deutschen Regierung getragen. Der Projektleiter und seine Beauftragten sind ermächtigt, für die Zwecke der Durchführung dieser Vereinbarung direkte Verbindung mit dem zuständigen Personal des Bundesministeriums der Verteidigung der Bundesrepublik Deutschland herzustellen und zu unterhalten. Die beteiligten Regierungen nehmen sofort Beratungen auf, wenn ein Ereignis eintritt, das den Zeitplan oder die Kosten der Bewertungsphase des Projekts in stärkerem Ausmaß berühren könnte.

2. Das Bundesministerium der Verteidigung der Bundesrepublik Deutschland kann ohne Kostenbeteiligung der US-Regierung bis zu drei Fachleute sowie das entsprechende Unterstützungspersonal für dienstliche Aufgaben im Projektbüro ASMD-Flugkörperprojekt abordnen. Dieses Personal hat die Aufgabe, den Projektleiter dabei zu unterstützen, eine Einigung über die Forderungen beider beteiligten Regierungen herbeizuführen. Die Regierung der Vereinigten Staaten stellt, ohne daß der Regierung der Bundesrepublik Deutschland dadurch Mehrkosten entstehen, geeigneten Büraum für dieses Personal zur Verfügung.

ABSCHNITT VI

Besuch von Einrichtungen

1. Jede beteiligte Regierung gestattet im Rahmen des Angemessenen und auf Antrag, daß staatliche Einrichtungen, Dienststellen, Forschungsanstalten und industrielle Einrichtungen der Auftragnehmer, in denen die Arbeiten im Rahmen des Gemeinschaftsprojekts durchgeführt werden, zwecks Studium dieser Arbeiten von Personen besucht werden, die durch die andere beteiligte Regierung bevollmächtigt und

- a. deren eigene Bedienstete oder Angestellte ihrer Auftragnehmer und mit besonderen Aufgaben im Rahmen des Gemeinschaftsprojekts betraut sind, und
- b. im Besitz der entsprechenden Sicherheitsunbedenklichkeitsbescheinigung sind.

Diese Besuche sind so durchzuführen, daß die Arbeiten dadurch nicht verzögert werden.

2. Anträge für gemäß Absatz 1 zulässige Besuche von Personal eines Staats in einer Einrichtung des anderen Staats werden durch den Projektleiter koordiniert. Nach der grundsätzlichen Genehmigung wird beim Gastgeberstaat unter Beifügung der erforderlichen Sicherheitsunbedenklichkeitsbescheinigung für das besuchende Personal ein förmlicher Besuchsantrag gestellt.

3. Sämtliche Besucher müssen alle Sicherheitsbestimmungen beachten; den Besuchern mitgeteilte Betriebsgeheimnisse und technische Angaben, an denen Schutzrechte bestehen, werden so behandelt, als seien sie der beteiligten Regierung mitgeteilt worden, die die Besucher entsandt hat.

ABSCHNITT VII

Austausch von Technischen Informationen

1. Während der Bewertungsphase tauschen die beteiligten Regierungen Informationen über alle Aspekte der im Rahmen des Gemeinschaftsprojekts durchzuführenden Arbeiten aus.

2. Im gemeinsamen Sicherheitsinteresse verpflichtet sich jede beteiligte Regierung, Personen, die nicht Bedienstete oder Beauftragte dieser beteiligten Regierung sind (einschließlich Auftragnehmern, welche Arbeiten im Zusammenhang mit diesem gemeinsamen Projekt durchführen), oder dritten Regierungen das Eigentum oder den Besitz an den von der anderen beteiligten Regierung im Rahmen dieser Vereinbarung beigestellten Geräten, Materialien oder technischen Daten nur mit vorheriger schriftlicher Genehmigung der anderen Regierung zu übertragen.

3. Die von einer beteiligten Regierung der anderen beteiligten Regierung gemäß diesem Abschnitt und Abschnitt VIII der vorliegenden Vereinbarung zur Verfügung zu stellenden technischen Informationen sind ausschließlich für die Überwachung der in Abschnitt III dieser Vereinbarung beschriebenen Programmarbeiten der Bewertungsphase und im Interesse der nationalen Planung für die Einführung des ASMD-Flugkörpersystems zu benutzen. Jede andere Benutzung dieser technischen Informationen ist Gegenstand späterer Beratungen zwischen den Regierungen, die nach Abschluß der Bewertungsphase stattfinden.

4. Der gesamte Informationsaustausch im Rahmen dieser Vereinbarung wird über den Projektleiter abgewickelt.

ABSCHNITT VIII

Berichte

1. Sobald wie möglich nach dem Inkrafttreten dieser Vereinbarung leitet der Projektleiter dem Bundesministerium der Verteidigung der Bundesrepublik Deutschland (BMVg) sämtliche Berichte und technischen Dokumentationen zu, die für die bisher von der US-Marine in Zusammenhang mit dem 5"-ASMD-Programm durchgeföhrten Studien und Versuche erarbeitet wurden, einschließlich solcher Informationen wie z.B. Studien über die Wirksamkeit des Gefechtskopfs und Spezifikationen für den Flugkörper und die Abschußanlage. Der Projektleiter liefert dann auch einen Bericht, in dem die Wahrscheinlichkeit der Erfüllung der in Abschnitt II, Ziffer 1 niedergelegten Forderungen bewertet wird.

2. Während der Bewertungsphase legt der Projektleiter dem Bundesministerium der Verteidigung der Bundesrepublik Deutschland Fort-

schriftsberichte nach dem Stand vom 30. Juni und 31. Dezember jedes Jahres innerhalb von 60 Tagen nach dem Ende der jeweiligen Berichtszeiträume vor. Diese Berichte enthalten eine eingehende Darstellung des seit Vorlage des vorherigen Berichts erzielten Fortschritts sowie andere einschlägige technische und finanzielle Informationen, die für ein umfassendes Verständnis des Projektstandes erforderlich sind. Die vorstehenden Bestimmungen hindern die beteiligten Regierungen nicht daran, zu vereinbaren, daß besondere Zwischenberichte vorgelegt werden, die besonderen Informationswünschen des BMVg entsprechen.

3. Am Ende der Bewertungsphase (Validation Phase) wird dem Bundesministerium der Verteidigung ein Schlußbericht vorgelegt. Dieser Bericht umfaßt auch Kopien von Dokumentationen, z.B. Spezifikationen, Zusammenstellungszeichnungen, Skizzen, schematische Darstellungen und Fotografien.

ABSCHNITT IX

Finanzielle Verpflichtungen

1. Die geschätzten Gesamtkosten der Bewertungsphase betragen 17 Millionen US-Dollar, von denen vorbehaltlich der Bestimmungen in Absatz 2 vereinbarungsgemäß von der Regierung der Vereinigten Staaten 10,5 Millionen US-Dollar und von der Regierung der Bundesrepublik Deutschland 6,5 Millionen US-Dollar getragen werden. Die Mittel für diese vereinbarten Anteile werden von den beiden Regierungen nach folgender Tabelle bereitgestellt:

	Jahr	1975	1976	1977
Vereinigte Staaten	(Finanz- jahr)	5,5 Mio	2,0 Mio	3,0 Mio
Bundesre- publik Deutschland	(Kalen- derjahr)	0 Mio	2,0 Mio	4,5 Mio

2. Die Verpflichtung der Regierung der Vereinigten Staaten, ihren Beitrag für 1977 bereitzustellen, hängt von der Bewilligung von Haushaltsmitteln durch den Kongreß der Vereinigten Staaten ab.

3. Die Regierung der Bundesrepublik Deutschland leistet die Zahlungen gemäß Absatz 1 oben durch Überweisung der entsprechenden Beträge in US-Dollar an das Treasury der Vereinigten Staaten von Amerika. Die Zahlungen der Regierung der Vereinigten Staaten für die Finanzjahre 1975 und 1976 wurden vor Inkrafttreten dieser Vereinbarung geleistet. Die Zahlung des Beitrags der Regierung der Vereinigten Staaten für ihr Finanzjahr 1977 gilt als geleistet, wenn der Projektleiter eine Erklärung erhält, wonach die Mittel

in Höhe des genannten Betrags für die Zweckbindung und Verausgabung verfügbar sind. Der Beitrag der Regierung der Bundesrepublik Deutschland für das Jahr 1976 ist innerhalb von 30 Tagen nach Inkrafttreten dieser Vereinbarung zu zahlen. Die Beiträge der beteiligten Regierungen für das Jahr 1977 sind innerhalb von 60 Tagen nach Beginn ihres jeweiligen Finanzjahrs 1977 zu zahlen.

4. Es wird festgestellt, daß die Regierung der Bundesrepublik Deutschland bei Beginn der Bewertungsphase (Validation Phase) keine Zahlungen für die Kosten der im US-Finanzjahr 1975 durchgeführten Arbeiten der Bewertungsphase zu leisten hat. Müssen die Kosten der Bewertungsphase in Höhe von 17 Millionen US-Dollar infolge unvorhergesehener Umstände überschritten werden oder sollten die Kosten der Bewertungsphase niedriger liegen als die geschätzten Gesamtkosten, so ist eine Vereinbarung über die Beteiligung an den Mehrkosten oder die Aufteilung der nicht ausgegebenen Gelder zu treffen.

ABSCHNITT X

Sicherheit

1. Aufbewahrung, Handhabung, Übermittlung und Schutz sämtlicher mit diesem Projekt zusammenhängender Verschlußsachen, die die beteiligten Regierungen austauschen, besitzen oder benutzen, unterliegen dem Sicherheitsabkommen zwischen den beiden Regierungen vom 23. Dezember 1960. Folgende Sicherheitsbestimmungen finden Anwendung:

- a. Der Projektleiter erarbeitet die notwendigen Durchführungsbestimmungen; alle Personen im Projektbüro sind für die Sicherheit verantwortlich. An nichtbeteiligte Regierungen werden Informationen nicht automatisch weitergegeben. Die Freigabe dieser Informationen bedarf der Genehmigung durch die beteiligten Regierungen.
- b. Jede beteiligte Regierung verpflichtet sich, die Sicherheitsstufen beizubehalten, in die die Informationen oder das Material von der weitergebenden beteiligten Regierung eingestuft wurden, und gewährt diesen Informationen oder diesem Material den gleichen Sicherheitsschutz, den ihnen die weitergebende beteiligte Regierung gewährt.
- c. Die beteiligte Regierung, auf deren Hoheitsgebiet Arbeiten durchgeführt werden, legt die Sicherheitseinstufung fest, die auf die aus diesem Land stammenden Materialien und Informationen anzuwenden ist. Wenn ein derartiger Gegenstand von einer beteiligten Regierung gelieferte, identifizierbare VS-Informationen enthält oder preisgibt, darf die Sicherheitsstufe dieses Gegenstandes nicht niedriger sein als die diesen identifizierbaren Informationen von der beteiligten Ursprungsregierung zugeteilte Sicherheitsstufe.
- d. In jeder Einrichtung, in der von einer anderen beteiligten Regierung bereitgestellte VS-Informationen benutzt werden

sollen, beauftragt die empfangende beteiligte Regierung eine hinreichend bevollmächtigte Person damit, in dieser Einrichtung die Aufgaben des Schutzes der auf dieses Projekt bezogenen Informationen wirksam wahrzunehmen. Nach Beratung mit den zuständigen Sicherheitsbehörden hat diese beauftragte Person die Aufgabe, den Zugang zu den mit dem Projekt zusammenhängenden Verschlußsachen auf die Personen zu beschränken, die einer ordnungsgemäßen Sicherheitsüberprüfung unterzogen worden sind und die Verschlußsachen kennen müssen. Eine beteiligte Regierung darf Informationen nur mit vorheriger Zustimmung der beteiligten Regierung, von der sie stammen, an Einrichtungen weitergeben, deren finanzielle und administrative Grundsätze oder deren Management von Personen oder Organisationen bestimmt werden, die die Staatsangehörigkeit eines nichtbeteiligten Staates besitzen.

ABSCHNITT XI

Beteiligung Weiterer Regierungen

Wünscht eine weitere Regierung oder wünschen weitere Regierungen an dem Gemeinschaftsprojekt teilzunehmen, beraten die beteiligten Regierungen gemeinsam darüber und handeln, wenn beide darüber einig sind, daß eine erweiterte Beteiligung wünschenswert und zweckmäßig ist, mit der antragstellenden Regierung gemeinsam angemessene und gerechte Bedingungen für diese Teilnahme aus.

ABSCHNITT XII

Beendigung

1. Die beteiligten Regierungen haben diese Vereinbarung mit der Absicht geschlossen, die Bewertungsphase (Validation Phase) bis zum Abschluß durchzuführen.

2. Hält eine der beiden beteiligten Regierungen es für notwendig, ihre Teilnahme an der Bewertungsphase zu beenden, finden folgende Bestimmungen Anwendung:

- a. Jede Beendigungsabsicht ist Gegenstand sofortiger Beratungen zwischen den beteiligten Regierungen, damit sie die Folgen einer solchen Beendigung in vollem Umfang bewerten können.
- b. Beschließt die verbleibende Regierung nach dieser Beratung, die Bewertungsphase fortzuführen, teilt die kündigende Regierung unter Einhaltung einer Kündigungsfrist von 90 Tagen schriftlich ihre Absicht mit, die Vereinbarung einseitig zu beenden, und setzt ihre finanzielle und sonstige Beteiligung an der Bewertungsphase bis zum Ablauf der genannten Frist fort. Die kündigende Regierung trägt die durch ihre Kündigung verursachten Kosten und legt der verbleibenden beteiligten Regierung Schlußberichte über den in ihrem Land am Inkraftsetzungsdatum der Beendigung erreichten Stand der Arbeiten vor.

- c. Die ausscheidende Regierung haftet nicht für die Bezahlung von Arbeiten, die nach Ablauf der Kündigungsfrist im Rahmen dieser Vereinbarung durchgeführt werden.
- 3. Vereinbaren die beteiligten Regierungen, die Bewertungsphase bilateral zu beenden, trägt jede beteiligte Regierung ihre eigenen Beendigungskosten, und die beteiligten Regierungen treffen beide Regierungen zufriedenstellende Regelungen über die anderen Bedingungen, unter denen die Bewertungsphase beendet wird.
- 4. Wünscht eine der beteiligten Regierungen im Falle der einseitigen oder sonstigen Beendinung die im Land einer das Vertragsverhältnis beendenden Regierung durchgeführten Arbeiten fortzusetzen, dann bemüht sich diese ausscheidende Regierung nach besten Kräften, die zufriedenstellende Durchführung dieser Arbeiten—vorbehaltlich ihrer eigenen Gesetze und Grundsätze sowie ihres militärischen Bedarfs—sicherzustellen. Die Regierung, die diese Arbeiten fortsetzt, übernimmt die volle Haftung für die bei der Fortsetzung der Arbeit entstehenden Kosten, einschließlich angemessener Managementkosten. Zur Durchführung des oben Gesagten erklärt sich die US-Regierung damit einverstanden, daß in jeden Vertrag oder jede Vereinbarung, die die Durchführung von Arbeiten im Rahmen dieses zum Gegenstand haben, Bestimmungen aufzunehmen sind, wonach die Regierung der Bundesrepublik Deutschland auf ihren Wunsch die Stelle der US-Regierung in einem solchen Vertrag oder einer solchen Vereinbarung einnehmen kann, falls die US-Regierung aus dem Vertragsverhältnis ausscheidet.

ABSCHNITT XIII

Inkraftsetzungsdatum

Diese Vereinbarung ist in englischer und deutscher Sprache abgefaßt, wobei jeder Wortlaut gleichermaßen verbindlich ist; sie tritt mit der Unterzeichnung durch beide Regierungen in Kraft.

FÜR DIE BUNDESREPUBLIK
DEUTSCHLAND DER BUNDES-
MINISTER DER

Verteidigung
Im Auftrag

EBERHARD
(Eberhard)
Ministerialdirektor
Abteilungsleiter Rüstung
DATUM 22 Juli 1976

FÜR DIE VEREINIGTEN STAATEN VON AMERIKA
VERTRTESEN DURCH DAS DEPARTMENT OF THE NAVY

P B ARMSTRONG
DATUM 16 Juli 1976
P. B. Armstrong
Vice Admiral, U.S. Navy
Director,
Research, Development, Test and
Evaluation

ISRAEL

Economic Assistance: Program Assistance Grant

*Agreement signed at Washington November 23, 1976;
Entered into force November 23, 1976.*

PROGRAM ASSISTANCE GRANT AGREEMENT

between

THE GOVERNMENT OF ISRAEL

and

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

acting through

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

AGREEMENT NUMBER 271-K-610

Date: November 23 1976

TIAS 8659

PROGRAM ASSISTANCE GRANT AGREEMENT

AGREEMENT, dated this 23 day of November, 1976 between the GOVERNMENT OF ISRAEL ("Grantee") and the GOVERNMENT OF THE UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

ARTICLE 1. The Grant

SECTION 1.1. The Grant. In accordance with the Technical Cooperation Agreement between the United States of America and Israel entered into force on February 26, 1951, [¹] and subject to the terms and conditions of this Agreement, A.I.D. hereby agrees to grant to the Grantee pursuant to the Foreign Assistance Act of 1961, as amended, [²] up to Three Hundred and Forty million United States dollars (\$340,000,000) (the "Grant") to be made available for disbursement in four installments the first upon the signing of this Agreement, and, thereafter, on or about January 1, 1977, April 1, 1977 and July 1, 1977 in equal amounts of Eighty-five million United States Dollars (\$85,000,000) each for the purpose of financing the foreign exchange costs of certain commodities, commodity-related services and other related expenditures to promote the economic and political stability of Israel. Recognizing the exceptional burden the Grantee faces in terms of recurring defense expenditures, the budget support generated by this program will assist the Grantee in meeting overall financial needs associated with continued rapid economic growth, increased public services and the adjustment costs arising from the resettlement in Israel of large numbers of new immigrants. Such commodities, services and expenses authorized to be financed hereunder are hereinafter referred to as "Eligible Items".

¹ TIAS 2401, 3010; 3 UST 379; 5 UST 1401.

² 75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE 2. Conditions Precedent to Disbursement

SECTION 2.1. Conditions Precedent. Except as A.I.D. may otherwise agree in writing, prior to issuance of the first disbursing authorization, Grantee shall furnish in form and substance satisfactory to A.I.D.:

(a) An opinion of Grantee's Minister of Justice or other counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of, Grantee and constitutes a valid and legally binding obligation of Grantee in accordance with its terms;

(b) The name of the person or persons who will act as the representative or representatives of the Grantee pursuant to Section 8.2 hereunder together with evidence of his or their authority and a specimen signature of each person certified as to its authenticity.

SECTION 2.2. Terminal Date for Fulfillment of Conditions Precedent. Except as A.I.D. may otherwise agree in writing, if the conditions required by Section 2.1 have not been satisfied within ninety (90) days from the date of this Agreement, A.I.D. may at its option terminate this Agreement by written notice to Grantee.

ARTICLE 3. General Covenants

SECTION 3.1. Commissions, Fees, and Other Payments. Grantee warrants and covenants that in connection with obtaining the assistance to be furnished hereunder or any action under 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 or 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 Grantee's full-time officers and employees or as compensation for bona fide professional, technical, or other comparable services. Grantee shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or other comparable services to which it is a party or of which it has knowledge and if the amount of any such payment is deemed unreasonable by A.I.D., Grantee shall cause a reduction satisfactory to A.I.D. to be made therein.

SECTION 3.2. Marine Insurance. If in connection with the placement of marine insurance on shipments eligible for reimbursement hereunder, Grantee by statute, decree, rule or regulation discriminates against any marine insurance company authorized to do business in any state of the United States, during the continuance of such discrimination commodities otherwise eligible for reimbursement thereunder shall not be so reimbursed unless they have been insured against marine risk in the United States with a company or companies authorized to do a marine insurance business in any state of the United States.

SECTION 3.3. Ocean Shipment.

(a) At least 50% of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) for which reimbursement is requested, which may be transported

on ocean vessels shall have been transported on privately-owned U.S. flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for U.S. flag commercial vessels. Determination that U.S. flag commercial vessels are not so available must be made by A.I.D. Additionally, at least 50% of the gross freight revenue generated by all shipments financed hereunder and transported on dry cargo liners shall be paid to or for the benefit of privately-owned U.S. flag commercial vessels.

(b) Reimbursement will not be made for commodities which have been transported on any ocean vessel which A.I.D. has designated as ineligible.

SECTION 3.4. U.S. Treasury Department Regulations. Procurement transactions shall comply with the requirements of the Foreign Assets Control Regulation and Cuban Assets Control Regulation of the U.S. Treasury Department.

ARTICLE 4. Procurement, Utilization and Eligibility of Commodities

SECTION 4.1. Source Requirement. The authorized A.I.D. Geographic Code for purposes of determining Eligible Items is Code 000 (United States) as defined in the A.I.D. Geographic Code Book. Eligible Items shall meet the "source" requirements set forth in A.I.D. Regulation 1, Section 201.11(b). "Source" is defined in A.I.D. Regulation 1, Section 201.01(q).

SECTION 4.2. Date of Procurement. No commodities or commodity-related services may be financed hereunder for which delivery to the

importer or his agent was made prior to the Eligibility Date, which shall be July 1, 1976.

SECTION 4.3. Eligible Items. Unless otherwise agreed by A.I.D. in writing, Eligible Items for financing under this Grant shall consist of new and unused commodities listed as eligible in the A.I.D. Commodity Eligibility Listing dated December 16, 1974, as amended, (provided as an attachment of the Commodity Procurement Instruction transmitted with the first of the Implementation Letters which shall be issued to the Grantee) and of those commodity-related services as defined in paragraphs (i), (l), (o) of Section 201.01 of A.I.D. Regulation 1 and declared to be eligible in Sections 201.12 and 201.13 of A.I.D. Regulation 1. A.I.D. may decline to finance any specific commodity or commodity-related service when in its judgment such financing would be inconsistent with the purposes of this Grant or the Foreign Assistance Act of 1961, as amended.

SECTION 4.4. Utilization of Commodities. Grantee shall use its best efforts to prevent the use of commodities financed under this Agreement to promote or assist any 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 projected use, except with the prior written consent of A.I.D. Grantee shall use its best efforts to restrict the purchase of Eligible Items to purchases for use within the geographic areas which were subject to State of Israel administration prior to June 5, 1967.

SECTION 4.5. Minimum Value of Transactions. Except where authorized by A.I.D. in writing, no transaction financed under this Agreement shall be in an amount less than five thousand dollars (\$5,000). Individual procurements of less than five thousand dollars may be combined and treated as one transaction to satisfy this requirement if they involve procurements from the same supplier and the total of such procurements equals or exceeds five thousand dollars and the documentation is submitted simultaneously. The supplier must identify each transaction by separate invoice number and date in the "Certificate to A.I.D." attached to this Agreement or in A.I.D. Form 282.

SECTION 4.6. Prices. Reimbursement will not be made for purchase of any commodity purchased at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality and terms of payment.

SECTION 4.7. Eligible Suppliers. Commodities financed under this Grant shall be purchased from eligible suppliers as described in paragraph (j), Section 201.11 of A.I.D. Regulation 1.

SECTION 4.8. Effective Use of Commodities. The Grantee shall ensure that the Eligible Items financed under this Agreement shall be effectively used for the purpose for which the assistance is made available. Such effective use shall include the prompt processing of commodity imports through customs at ports of entry and the removal from customs of such commodities by the importer.

ARTICLE 5. Procedures

SECTION 5.1. Disbursements. To obtain disbursements hereunder, Grantee may from time to time submit to A.I.D. or its designee, documentation of the foreign exchange costs of and importation of Eligible Items. Such documentation shall consist of:

- (a) Supplier's invoice with evidence of payment,
- (b) Bill of Lading, or delivery receipt, or such other document evidencing delivery and which is acceptable to A.I.D.,
- (c) (1) A "Certificate to A.I.D.", a copy of which is attached hereto as Exhibit A, or "Certificate to A.I.D. for Agricultural Commodities", which is hereto attached as Exhibit B, executed by the supplier; or
- (2) A.I.D. Form 282 Supplier's Certificate, executed by the supplier.

Such documentation shall be reviewed by A.I.D. prior to making disbursement hereunder.

SECTION 5.2. Additional Information. Should A.I.D. require any information in addition to that submitted under Section 5.1 above, concerning the purchase price or other information relevant to any given transaction, the Grantee agrees to secure such information and furnish the same to A.I.D.

SECTION 5.3. Terminal Date of Disbursements. Except as A.I.D. may otherwise agree in writing, no disbursements shall be made against documentation received after July 1, 1978.

ARTICLE 6. Counterpart Deposit

SECTION 6.1. Deposit of Counterpart. The Grantee shall establish a special account in the Bank of Israel, which account is hereinafter referred to as the "Special Account", and the Grantee shall make such arrangements as may be necessary to deposit therein currency of the State of Israel in amounts equal to the proceeds accruing to the Grantee or any authorized agency thereof as a result of the sale or importation of the Eligible Items in accordance with the following terms and conditions:

- (a) Deposits to the Special Account shall become due and payable quarterly upon advice from A.I.D. as to disbursements made under the Agreement. Grantee shall make such deposits at the official rate of exchange in effect on the date of disbursements by A.I.D.
- (b) Upon notification from time to time by the A.I.D. of the local currency requirements of the United States, the Grantee shall make available to A.I.D., in the manner requested by it, such sums from the Special Account as are stated in such notifications to be necessary for the requirements of the Government of the United States.
- (c) The Grantee may draw upon any remaining balances in the Special Account for such purposes beneficial to the Grantee as may be agreed upon in writing by the appropriate representatives of the State of Israel and the United States. Such program uses shall be restricted to the geographic areas which were subject to State of Israel administration prior to June 5, 1967.

(d) Any unencumbered balances of funds which remain in the Special Account upon termination of assistance hereunder shall be disposed of for such purposes as may, subject to applicable law, be agreed to between Grantee and A.I.D.

ARTICLE 7. Remedies of A.I.D.

SECTION 7.1. Termination of Disbursements. In the event that at any time:

(a) Grantee shall fail to comply with any provision contained herein; or

(b) Any representation or warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or required to be made hereunder is incorrect in any material respect; or

(c) An event has occurred which A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of the Grant will be attained or that Grantee will be able to perform its obligations hereunder; or

(d) Any disbursement would be in violation of any provision of the laws of the United States; or

(e) A default shall have occurred under any other agreement between Grantee or any of its agencies and the United States or any of its agencies;

then A.I.D., at its option, may (1) decline to issue further disbursing authorizations, or (2) suspend or cancel outstanding disbursing authorizations to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder.

SECTION 7.2. Refunds. If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or that the commodities financed under this Agreement are not financed or used in accordance with the terms of this Agreement, A.I.D. may at its option either: (1) authorize the Grantee to present valid documentation to cover the amount found to be ineligible; or (2) require the Grantee to pay to A.I.D., within ninety (90) days after receipt of notification by A.I.D., an amount not to exceed the amount of the ineligible disbursement. Except as A.I.D. may otherwise agree in writing, refunds paid by the Grantee to A.I.D. resulting from violation of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall not be available for reuse under the Agreement.

SECTION 7.3. Waivers of Default. No delay in exercising or omitting to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of these rights, powers, or remedies.

SECTION 7.4. Expenses of Collection. All reasonable costs incurred by A.I.D. (other than salaries of its staff) in connection with the collection of amounts due under this Agreement may be charged to Grantee and reimbursed as A.I.D. may specify.

ARTICLE 8. Miscellaneous

SECTION 8.1. Reports. The Grantee shall furnish A.I.D. with such information and reports relating to this Grant, and permit such

inspection, review of records, or audit, as A.I.D. may reasonably request.

SECTION 8.2. Use of Representatives.

(a) All actions required or permitted to be performed or taken under this Agreement by Grantee or A.I.D. may be performed by their respective duly authorized representatives.

(b) The Grantee hereby designates the Economic Minister, Embassy of Israel, as its representative with the authority to designate in writing other representatives of Grantee in its dealing with A.I.D. Grantee's representatives designated pursuant to the preceding sentence, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of Grantee to any modification of this Agreement which does not substantially increase Grantee's obligations hereunder. Until receipt by A.I.D. of written notice of revocation by Grantee of the authority of any of its representatives, A.I.D. may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by Grantee.

SECTION 8.3. Communications. Any notice, request, or other communication or any document given, made or sent by Grantee 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 party at the following address:

To Grantee:

Economic Minister
Embassy of Israel
641 Lexington Avenue
New York, New York 10022

To A.I.D.

Director
Office of Commodity Management
Agency for International Development
Department of State
Washington, D. C. 20523

Other addresses may be substituted for the above upon giving of notice as provided herein. All communications or documents submitted to A.I.D. hereunder shall be in English and all technical and engineering specifications therein shall be in terms of U.S. standards except as A.I.D. may otherwise agree in writing.

GOVERNMENT OF ISRAEL

[¹]

By: Simcha Dinitz [Signature]
Title: Ambassador
Date: November 23, 1976

UNITED STATES OF AMERICA

[²]

By: Daniel Parker [Signature]
Title: Administrator
Date: November 23, 1976

¹ Simcha Dinitz
² Daniel Parker

EXHIBIT A

CERTIFICATE TO A.I.D.
FOR COMMODITIES OTHER THAN AGRICULTURAL

Invoice Number/s

Invoice Date/s

The undersigned, an official of

(Company)

authorized to execute this certificate, hereby certifies to the Agency for International Development (A.I.D.), an agency of the United States, that:

1. The commodities identified in the attached invoice/s, referenced above, are accurately described therein, are new and unused, and do not contain any rebuilt or rehabilitated components, and have not been declared surplus by a U.S. Government agency; and
2. Such commodities have been mined, grown, or through manufacturing, processing or assembly produced in the United States; and
3. Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice/s or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy, and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice/s referenced above.

Signature _____

Title _____

Date _____

TIAS 8659

EXHIBIT B

**CERTIFICATE TO A.I.D.
FOR AGRICULTURAL COMMODITIES**

Invoice Number/s

Invoice Date/s

The undersigned, an official of

(Company)

authorized to execute this certificate, hereby certifies to the Agency for International Development (A.I.D.), an agency of the United States Government, that:

1. The commodities identified in the attached invoice/s referenced above are accurately described therein, and their quality and specifications are in conformance with the requirements of the governing contract.
2. Such commodities have been grown or raised in the United States or have been processed from agricultural commodities grown or raised in the United States.
3. Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice/s or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice/s referenced above.

Signature _____

Title _____

Date _____

ISRAEL

Economic Assistance: Loan

*Agreement signed at Washington November 23, 1976;
Entered into force November 23, 1976.*

LOAN AGREEMENT

between

THE GOVERNMENT OF ISRAEL

and

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

acting through

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

AGREEMENT NUMBER 271-K-143

Date: November 23 1976

TIAS 8660

LOAN AGREEMENT, dated the 23 day of November , 1976 between the Government of Israel, ("Borrower") and the Government of the United States of America, acting through the Agency for International Development ("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. In accordance with the Technical Cooperation Agreement between the United States of America and Israel entered into force on February 26, 1951 [¹] and upon the terms and conditions stated herein, A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, [²] an amount not to exceed Two Hundred and Forty-five Million United States Dollars (\$245,000,000) (the "Loan"), to be made available for disbursement upon the signing of this Agreement in an amount of Sixty-five million United States Dollars (\$65,000,000) and, thereafter, on or about January 1, 1977, April 1, 1977 and July 1, 1977 in approximately equal amounts of Sixty million United States Dollars (\$60,000,000) each for the purpose of financing the foreign exchange costs of certain commodities, commodity-related services and other related expenditures to promote the economic and political stability of Israel. Such commodities, services and expenses authorized to be financed hereunder are hereinafter referred to as "Eligible Items". The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

¹ TIAS 2401, 3010; 3 UST 379; 5 UST 1401.
² 75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.03) 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 (9½) 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 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 Office of Financial Management, Agency for International Development, Washington, D.C. 20623, U.S.A., and shall be deemed made when received by the Office of Financial management.

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

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agreed 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 Israel.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent. Except as A.I.D. may

otherwise agree in writing, prior to the issuance of the first disbursement authorization, the Borrower shall furnish in form and substance satisfactory to A.I.D.:

(a) An opinion of the Borrower's Ministry of Justice or other counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of the Borrower and constitutes a valid and legally binding obligation of the Borrower in accordance with its terms;

(b) The name of the person or persons who will act as the representative or representatives of the Borrower pursuant to Section 8.02 hereunder together with evidence of his or their authority and a specimen signature of each person certified as to its authenticity.

SECTION 3.02. Terminal Date for Meeting Conditions Precedent to Disbursement. If all the conditions specified in Section 3.01 shall not have been met within ninety (90) days after the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower.

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

ARTICLE IV

General CovenantsSECTION 4.01. Commissions, Fees, and Other Payments.

Borrower warrants and covenants that in connection with obtaining the assistance to be furnished hereunder or any action under 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 or 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 other comparable services. Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or other comparable services to which it is a party or of which it has knowledge and if the amount of any such payment is deemed unreasonable by A.I.D., Borrower shall cause a reduction satisfactory to A.I.D. to be made therein.

SECTION 4.02. Marine Insurance. If in connection with the placement of marine insurance on shipments eligible for reimbursement hereunder, Borrower by statute, decree, rule or regulation discriminates against any marine insurance company authorized to do business in any state of the United States, during the continuance of such discrimination commodities otherwise eligible for reimbursement thereunder

shall not be so reimbursed unless they have been insured against marine risk in the United States with a company or companies authorized to do a marine insurance business in any state of the United States.

SECTION 4.03. Ocean Shipment.

(a) At least 50% of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) for which reimbursement is requested, which may be transported on ocean vessels shall have been transported on privately-owned U.S. flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for U.S. flag commercial vessels. Determination that U.S. flag commercial vessels are not so available must be made by A.I.D. Additionally, at least 50% of the gross freight revenue generated by all shipments financed hereunder and transported on dry cargo liners shall be paid to or for the benefit of privately-owned U.S. flag commercial vessels.

(b) Reimbursement will not be made for commodities which have been transported on any ocean vessel which A.I.D. has designated as ineligible.

SECTION 4.04. U.S. Treasury Department Regulations.

Procurement transactions shall comply with the requirements of the Foreign Assets Control Regulation and Cuban Assets Control Regulation of the U.S. Treasury Department.

ARTICLE V

Procurement, Utilization and Eligibility of Commodities

SECTION 5.01. Source Requirement. The authorized A.I.D.

Geographic Code for purposes of determining Eligible Items is Code

000 (United States) as defined in the A.I.D. Geographic Code Book.

Eligible Items shall meet the "source" requirements set forth in

A.I.D. Regulation 1, Section 201.11(b). "Source" is defined in A.I.D.

Regulation 1, Section 201.01(q).

SECTION 5.02. Date of Procurement. No commodities or commodity-related services may be financed hereunder for which delivery to the importer or his agent was made prior to the Eligibility Date, which shall be July 1, 1976.

SECTION 5.03. Eligible Items. Unless otherwise agreed by A.I.D. in writing, Eligible Items for financing under this Loan shall consist of new and unused commodities listed as eligible in the A.I.D. Commodity Eligibility Listing dated December 16, 1974, as amended (provided as an attachment of the Commodity Procurement Instruction transmitted with the first of the Implementation Letters which shall be issued to the Borrower) and of those commodity-related services as defined in paragraphs (i), (l), (o) of Section 201.01 of A.I.D. Regulation 1. A.I.D. may decline to finance any specific commodity or commodity-related service when in its judgment such financing would be inconsistent with the purposes of this Loan or the Foreign Assistance Act of 1961, as amended.

SECTION 5.04. Utilization of Commodities. Borrower shall use its best efforts to prevent the use of commodities financed under this Agreement to promote or assist any 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 projected use, except with the prior written consent of A.I.D. Borrower shall use its best efforts to restrict the purchase of Eligible Items to purchases for use within the geographic areas which were subject to State of Israel Administration prior to June 5, 1967.

SECTION 5.05. Minimum Value of Transactions. Except where authorized by A.I.D. in writing, no transaction financed under this Agreement shall in an amount less than five thousand dollars (\$5,000). Individual procurements of less than five thousand dollars may be combined and treated as one transaction to satisfy this requirement if they involve procurements from the same supplier and the total of such procurements equals or exceeds five thousand dollars and the documentation is submitted simultaneously. The supplier must identify each transaction by separate invoice number and date in the "Certificate to A.I.D." attached to this Agreement or in AID Form 282.

SECTION 5.06. Prices, Commissions. Reimbursement will not be made for purchase of any commodity purchased at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality and terms of payment.

SECTION 5.07. Eligible Suppliers. Commodities financed under this Loan shall be purchased from the eligible suppliers as described in paragraph (u), Section 201.11 of A.I.D. Regulation 1.

SECTION 5.08. Effective Use of Commodities. The Borrower shall ensure that the Eligible Items financed under this Agreement shall be effectively used for the purpose for which the assistance is made available. Such effective use shall include the prompt processing of commodity imports through customs at ports of entry and the removal from customs of such commodities by the importer.

ARTICLE VI

Procedures

SECTION 6.01. Disbursements. To obtain disbursements hereunder, Borrower may from time to time submit to A.I.D. or its designee, documentation of the foreign exchange costs of and importation of Eligible Items. Such documentation shall consist of:

- (a) Supplier's invoice with evidence of payment.
- (b) Bill of Lading, or delivery receipt, or such other document evidencing delivery and which is acceptable to A.I.D.,

(c) (1) A "Certificate to A.I.D.", a copy of which is attached hereto as Exhibit A, or "Certificate to A.I.D. for Agricultural Commodities" which is hereto is attached as Exhibit B, executed by the supplier; or

(2) A.I.D. Form 282 Supplier's Certificate, executed by the supplier.

Such documentation shall be reviewed by A.I.D. prior to making disbursement hereunder.

SECTION 6.02. Additional Information. Should A.I.D. require any information in addition to that submitted under Section 6.01 above concerning the purchase price or other information relevant to any given transaction, the Borrower agrees to secure such information and furnish the same to A.I.D.

SECTION 6.03. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur 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.

SECTION 6.04. Terminal Date of Disbursement. Except as A.I.D. may otherwise agree in writing, no disbursements shall be made against documentation received after July 1, 1978.

ARTICLE VII

Cancellation and Suspension

SECTION 7.01. Cancellation by Borrower. The Borrower may

by prior written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or 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 7.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
 - (b) The Borrower shall have failed to comply with any other provision of this Agreement;
 - (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, guaranty, or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies;
- then A.I.D., at its option, may give the Borrower notice that all or any part of the unpaid 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 unpaid Principal and any accrued interest hereunder shall be due and payable immediately, and (ii) the amount of any subsequent disbursements made under

then outstanding Disbursement Authorizations shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursements. In the event that at any time:

- (a) an Event of Default has occurred;
- (b) an event occurs that A.I.D. determines makes it improbable either that the purposes of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) any disbursement would be in violation of the legislation governing A.I.D.; or

- (d) 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, guaranty, or 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., at its option, may: (i) suspend or cancel any outstanding Disbursement Authorizations to the extent that A.I.D. has not made direct reimbursement to the Borrower, giving notice to the Borrower promptly thereafter; (ii) decline to make disbursements other than under outstanding Letters of Commitment; (iii) decline to issue additional Disbursement Authorizations; and (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 Israel, in a deliverable state, and have not been offloaded in ports of entry

of Israel. Any disbursement made under the Loan with respect to such transferred goods shall be deducted from Principal in the manner of prepayment of Principal.

SECTION 7.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 7.03, 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 7.05. 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 (as to any funds disbursed under this Loan) until the repayment in full of all Principal and any accrued interest hereunder.

SECTION 7.06. Refunds. If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is a violation of U.S. law, or that the commodities financed under this Agreement are not financed or used in accordance with the terms of this Agreement, A.I.D. may at its option either: (1) authorize the Borrower to present valid documentation to cover the amount found to be ineligible; or (2) require the Borrower to pay to A.I.D., within 90 days of receipt of notification by A.I.D., an

amount not to exceed the amount of ineligible disbursements. Except as A.I.D. may otherwise agree in writing, refunds paid by the Borrower to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall not be available for reuse under the Agreement.

SECTION 7.07. 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 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.08. 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 VIII

Miscellaneous

SECTION 8.01. Reports. The Borrower shall furnish A.I.D. with such information and reports relating to this Loan, and permit such inspection, review of records, or audit, as A.I.D. may reasonably request.

SECTION 8.02. Use of Representatives.

(a) All actions required or permitted to be performed or taken under this Agreement by Borrower or A.I.D. may be performed by their respective duly authorized representatives.

(b) The Borrower hereby designates the Economic Minister, Embassy of Israel, as its representative with the authority to designate in writing other representatives of Borrower in its dealings with A.I.D. Borrower's representatives designated pursuant to the preceding sentence, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of Borrower to any modification of this Agreement which does not substantially increase Borrower's obligations hereunder. Until receipt by A.I.D. of written notice of revocation by Borrower of the authority of any of its representatives, A.I.D. may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by Borrower.

SECTION 8.03. Communications. Any notice, request, or other communication or any document given, made or sent by Borrower 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 party at the following address:

To Borrower:

Economic Minister
Embassy of Israel
641 Lexington Avenue
New York, New York 10022

To A.I.D.:

Director
Office of Commodity Management
Agency for International Development
Department of State
Washington, D.C. 20523

Other addresses may be substituted for the above upon giving of notice as provided herein. All communications or documents submitted to A.I.D. hereunder shall be in English and all technical and engineering specifications therein shall be in terms of U.S. standards, except as A.I.D. may otherwise agree in writing.

GOVERNMENT OF ISRAEL

BY: Simcha Dinitz [1]
TITLE: Ambassador

UNITED STATES OF AMERICA

BY: Daniel Parker [2]
TITLE: Administrator

¹ Simcha Dinitz

² Daniel Parker
Administrator

EXHIBIT A

**CERTIFICATE TO A.I.D.
FOR COMMODITIES OTHER THAN AGRICULTURAL**

Invoice Number/s

Invoice Date/s

The undersigned, an official of

(Company)

authorized to execute this certificate, hereby certifies to the Agency for International Development (A.I.D.), an agency of the United States, that:

1. The commodities identified in the attached invoice/s, referenced above, are accurately described therein, are new and unused, and do not contain any rebuilt or rehabilitated components, and have not been declared surplus by a U.S. Government agency; and
2. Such commodities have been mined, grown, or through manufacturing, processing or assembly produced in the United States; and
3. Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice/s or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy, and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice/s referenced above.

Signature _____

Title _____

Date _____

EXHIBIT B

**CERTIFICATE TO A.I.D.
FOR AGRICULTURAL COMMODITIES**

Invoice Number/s

Invoice Date/s

The undersigned, an official of

(Company)

authorized to execute this certificate, hereby certifies to the Agency for International Development (A.I.D.), an agency of the United States Government, that:

1. The commodities identified in the attached invoice/s referenced above are accurately described therein, and their quality and specifications are in conformance with the requirements of the governing contract.
2. Such commodities have been grown or raised in the United States or have been processed from agricultural commodities grown or raised in the United States.
3. Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice/s or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice/s referenced above.

Signature _____

Title _____

Date _____

ISRAEL

Economic Assistance: Cash Grant

*Agreement signed at Washington November 23, 1976;
Entered into force November 23, 1976*

**CASH GRANT AGREEMENT
BETWEEN
THE GOVERNMENT OF ISRAEL
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH
THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

AGREEMENT NUMBER 271-K-609

Date: NOVEMBER 23, 1976

CASH GRANT AGREEMENT

By this Agreement dated the 23rd day of November, 1976, the Government of Israel ("Government") and the Government of the United States of America, acting through the Agency for International Development ("A.I.D."), taking cognizance of the indirect foreign exchange costs associated with implementation of the Egypt-Israel interim disengagement agreement of September 4, 1975,^[1]] agree as follows:

1. A.I.D. will grant to the Government pursuant to the Foreign Assistance Act of 1961, as amended,^[2] one hundred and fifty million United States Dollars (\$150,000,000) (the "Grant"), in order to provide necessary foreign exchange to support the economic requirements of the Government.

2. A.I.D. will, within thirty (30) days after the signing of this Agreement, deposit the sum of forty-five million United States Dollars (\$45,000,000) and thereafter, on or about January 1, 1977, April 1, 1977 and July 1, 1977, will deposit the sum of thirty-five million United States Dollars (\$35,000,000) in special account number 001-1-3673-5 of the Treasury of the State of Israel in the National Bank of North America.

3. It is the understanding of the parties hereto that the proceeds of the Grant will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

IN WITNESS WHEREOF, the Government 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 as of the day and year first above written.

GOVERNMENT OF ISRAEL

GOVERNMENT OF THE UNITED STATES OF AMERICA

By: SIMCHA DINITZ
Title: *Ambassador*
Date: November 23, 1976

By: DANIEL PARKER
Title: *Administrator*
Date: November 23, 1976

¹ Department of State Bulletin, Sept. 29, 1975, p. 466.

² 75 Stat. 424; 22 U.S.C. § 2151 note.

ISRAEL

Economic Assistance: Program Assistance Grant

*Agreement signed at Washington September 22, 1976;
Entered into force September 22, 1976.*

PROGRAM ASSISTANCE GRANT AGREEMENT
BETWEEN
THE GOVERNMENT OF ISRAEL
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH
THE AGENCY FOR INTERNATIONAL DEVELOPMENT

SEPTEMBER 22, 1976

AGREEMENT NUMBER 271-K-608

PROGRAM ASSISTANCE GRANT AGREEMENT

Agreement, dated this 22nd day of September, 1976 between the GOVERNMENT OF ISRAEL ("Grantee") and the GOVERNMENT OF THE UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

ARTICLE 1. The Grant

SECTION 1.1 The Grant. In accordance with the Technical Co-operation Agreement between the United States of America and Israel entered into force on February 26, 1951,^[1] and subject to the terms and conditions of this Agreement, A.I.D. hereby agrees to grant to the Grantee pursuant to the Foreign Assistance Act of 1961, as amended,^[2] up to thirty-five million United States dollars (\$35,000,-000) (the "Grant") for the purpose of financing the foreign exchange costs of certain commodities, commodity-related services and other related expenditures to promote the economic and political stability of Israel. Recognizing the exceptional burden the Grantee faces in terms of recurring defense expenditures, the budget support generated by this program will assist the Grantee in meeting overall financial needs associated with continued rapid economic growth, increased public services and the adjustment costs arising from the resettlement in Israel of large numbers of new immigrants. Such commodities, services and expenses authorized to be financed hereunder are herein-after referred to as "Eligible Items".

ARTICLE 2. Conditions Precedent to Disbursement

SECTION 2.1 Conditions Precedent. Except as A.I.D. may otherwise agree in writing, prior to issuance of the first disbursing authorization, Grantee shall furnish in form and substance satisfactory to A.I.D.:

- (a) An opinion of Grantee's Minister of Justice or other counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of, Grantee and constitutes a valid and legally binding obligation of Grantee in accordance with its terms;
- (b) The name of the person or persons who will act as the representative or representatives of the Grantee pursuant to Section 8.2 hereunder together with evidence of his or their authority and a specimen signature of each person certified as to its authenticity.

SECTION 2.2 Terminal Date for Fulfillment of Conditions Precedent. Except as A.I.D. may otherwise agree in writing, if the

¹ TIAS 2401, 3010; 3 UST 379; 5 UST 1401.

² 75 Stat. 424; 22 U.S.C. § 2151 note.

conditions required by Section 2.1 have not been satisfied within ninety (90) days from the date of this Agreement, A.I.D. may at its option terminate this Agreement by written notice to Grantee.

ARTICLE 3. General Covenants

SECTION 3.1 Commissions, Fees, and Other Payments. Grantee warrants and covenants that in connection with obtaining the assistance to be furnished hereunder or any action under 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 or 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 Grantee's full-time officers and employees or as compensation for bona fide professional, technical, or other comparable services. Grantee shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or other comparable services to which it is a party or of which it has knowledge and if the amount of any such payment is deemed unreasonable by A.I.D., Grantee shall cause a reduction satisfactory to A.I.D. to be made therein.

SECTION 3.2 Marine Insurance. If in connection with the placement of marine insurance on shipments eligible for reimbursement hereunder, Grantee by statute, decree, rule or regulation discriminates against any marine insurance company authorized to do business in any state of the United States, during the continuance of such discrimination commodities otherwise eligible for reimbursement thereunder shall not be so reimbursed unless they have been insured against marine risk in the United States with a company or companies authorized to do a marine insurance business in any state of the United States.

SECTION 3.3 Ocean Shipment.

(a) At least 50% of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) for which reimbursement is requested, which may be transported on ocean vessels shall have been transported on privately-owned U.S. flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for U.S. flag commercial vessels. Determination that U.S. flag commercial vessels are not so available must be made by A.I.D. Additionally, at least 50% of the gross freight revenue generated by all shipments financed hereunder and transported on dry cargo liners shall be paid to or for the benefit of privately-owned U.S. flag commercial vessels.

(b) Reimbursement will not be made for commodities which have been transported on any ocean vessel which A.I.D. has designated as ineligible.

SECTION 3.4 U.S. Treasury Department Regulations. Procurement transactions shall comply with the requirements of the Foreign Assets Control Regulation and Cuban Assets Control Regulation of the U.S. Treasury Department.

ARTICLE 4. Procurement, Utilization and Eligibility of Commodities

SECTION 4.1 Source Requirement. The authorized A.I.D. Geographic Code for purposes of determining Eligible Items is Code 000 (United States) as defined in the A.I.D. Geographic Code Book. Eligible Items shall meet the "source" requirements set forth in A.I.D. Regulation 1, Section 201.11(b). "Source" is defined in A.I.D. Regulation 1, Section 201.01(q).

SECTION 4.2 Date of Procurement. No commodities or commodity-related services may be financed hereunder for which delivery to the importer or his agent was made prior to the Eligibility Date, which shall be January 1, 1976.

SECTION 4.3 Eligible Items. Unless otherwise agreed by A.I.D. in writing, Eligible Items for financing under this Grant shall consist of new and unused commodities listed as eligible in the A.I.D. Commodity Eligibility Listing dated December 16, 1974, as amended, (provided as an attachment of the Commodity Procurement Instruction transmitted with the first of the Implementation Letters which shall be issued to the Grantee) and of those commodity-related services as defined in paragraphs (i), (l), (o) of Section 201.01 of A.I.D. Regulation 1 and declared to be eligible in Sections 201.12 and 201.13 of A.I.D. Regulation 1. A.I.D. may decline to finance any specific commodity or commodity-related service when it its judgment such financing would be inconsistent with the purposes of this Grant or the Foreign Assistance Act of 1961, as amended.

SECTION 4.4 Utilization of Commodities.

(a) Grantee shall use its best efforts to prevent the use of commodities financed under this Agreement to promote or assist any 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 projected use, except with the prior written consent of A.I.D. Grantee shall use its best efforts to restrict the purchase of Eligible Items to purchases for use within the geographic areas which were subject to State of Israel administration prior to June 5, 1967.

SECTION 4.5 Minimum Value of Transactions. Except where authorized by A.I.D. in writing, no transaction financed under this Agreement shall be in an amount less than five thousand dollars (\$5,000). Individual procurements of less than five thousand dollars may be combined and treated as one transaction to satisfy this requirement if they involve procurements from the same supplier and the total of such procurements equals or exceeds five thousand

dollars and the documentation is submitted simultaneously. The supplier must identify each transaction by separate invoice number and date in the "Certificate to A.I.D." attached to this Agreement or in A.I.D. Form 282.

SECTION 4.6 Prices. Reimbursement will not be made for purchase of any commodity purchased at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality and terms of payment.

SECTION 4.7 Eligible Suppliers. Commodities financed under this Grant shall be purchased from eligible suppliers as described in paragraph (j), Section 201.11 of A.I.D. Regulation 1.

SECTION 4.8 Effective Use of Commodities. The Grantee shall ensure that the Eligible Items financed under this Agreement shall be effectively used for the purpose for which the assistance is made available. Such effective use shall include the prompt processing of commodity imports through customs at ports of entry and the removal from customs of such commodities by the importer.

ARTICLE 5. Procedures

SECTION 5.1 Disbursements. To obtain disbursements hereunder, Grantee may from time to time submit to A.I.D. or its designee, documentation of the foreign exchange costs of and importation of Eligible Items. Such documentation shall consist of:

- (a) Supplier's invoice with evidence of payment,
- (b) Bill of lading, or delivery receipt, or such other document evidencing delivery and which is acceptable to A.I.D.,
- (c) (1) A "Certificate to A.I.D.", a copy of which is attached hereto as Exhibit A, or "Certificate to A.I.D. for Agricultural Commodities", which is hereto attached as Exhibit B, executed by the supplier; or
- (2) A.I.D. Form 282 Supplier's Certificate, executed by the supplier.

Such documentation shall be reviewed by A.I.D. prior to making disbursement hereunder.

SECTION 5.2 Additional Information. Should A.I.D. require any information in addition to that submitted under Section 5.1 above, concerning the purchase price or other information relevant to any given transaction, the Grantee agrees to secure such information and furnish the same to A.I.D.

SECTION 5.3 Terminal Date of Disbursements. Except as A.I.D. may otherwise agree in writing, no disbursements shall be made against documentation received after September 30, 1977.

ARTICLE 6. Counterpart Deposit

SECTION 6.1 Deposit of Counterpart. The Grantee shall establish a special account in the Bank of Israel, which account is hereinafter

referred to as the "Special Account", and the Grantee shall make such arrangements as may be necessary to deposit therein currency of the State of Israel in amounts equal to the proceeds accruing to the Grantee or any authorized agency thereof as a result of the sale or importation of the Eligible Items in accordance with the following terms and conditions:

(a) Deposits to the Special Account shall become due and payable quarterly upon advice from A.I.D. as to disbursements made under the Agreement. Grantee shall make such deposits at the official rate of exchange in effect on the date of disbursements by A.I.D.

(b) Upon notification from time to time by the A.I.D. of the local currency requirements of the United States, the Grantee shall make available to A.I.D., in the manner requested by it, such sums from the Special Account as are stated in such notifications to be necessary for the requirements of the Government of the United States.

(c) The Grantee may draw upon any remaining balances in the Special Account for such purposes beneficial to the Grantee as may be agreed upon in writing by the appropriate representatives of the State of Israel and the United States. Such program uses shall be restricted to the geographic areas which were subject to State of Israel administration prior to June 5, 1967.

(d) Any unencumbered balances of funds which remain in the Special Account upon termination of assistance hereunder shall be disposed of for such purposes as may, subject to applicable law, be agreed to between Grantee and A.I.D.

ARTICLE 7. Remedies of A.I.D.

SECTION 7.1 Termination of Disbursements. In the event that at any time:

(a) Grantee shall fail to comply with any provision contained herein; or

(b) Any representation or warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or required to be made hereunder is incorrect in any material respect; or

(c) An event has occurred which A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of the Grant will be attained or that Grantee will be able to perform its obligations hereunder; or

(d) Any disbursement would be in violation of any provision of the laws of the United States; or

(e) A default shall have occurred under any other agreement between Grantee or any of its agencies and the United States or any of its agencies;

then A.I.D., at its option, may (1) decline to issue further disbursing authorizations, or (2) suspend or cancel outstanding disbursing authorizations to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder.

SECTION 7.2 Refunds. If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or that the commodities financed under this Agreement are not financed or used in accordance with the terms of this Agreement, A.I.D. may at its option either: (1) authorize the Grantee to present valid documentation to cover the amount found to be ineligible; or (2) require the Grantee to pay to A.I.D., within ninety (90) days after receipt of notification by A.I.D., an amount not to exceed the amount of the ineligible disbursement. Except as A.I.D. may otherwise agree in writing, refunds paid by the Grantee to A.I.D. resulting from violation of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall not be available for reuse under the Agreement.

SECTION 7.3 Waivers of Default. No delay in exercising or omitting to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of these rights, powers, or remedies.

SECTION 7.4 Expenses of Collection. All reasonable costs incurred by A.I.D. (other than salaries of its staff) in connection with the collection of amounts due under this Agreement may be charged to Grantee and reimbursed as A.I.D. may specify.

ARTICLE 8. Miscellaneous

SECTION 8.1 Reports. The Grantee shall furnish A.I.D. with such information and reports relating to this Grant, and permit such inspection, review of records, or audit, as A.I.D. may reasonably request.

SECTION 8.2 Use of Representatives.

(a) All actions required or permitted to be performed or taken under this Agreement by Grantee or A.I.D. may be performed by their respective duly authorized representatives.

(b) The Grantee hereby designates the Economic Minister, Embassy of Israel, as its representative with the authority to designate in writing other representatives of Grantee in its dealing with A.I.D. Grantee's representatives designated pursuant to the preceding sentence, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of Grantee to any modification of this Agreement which does not substantially increase Grantee's obligations hereunder. Until receipt by A.I.D. of written notice of revocation by Grantee of the authority of any of its representatives, A.I.D. may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by Grantee.

SECTION 8.3 Communications. Any notice, request, or other communication or any document given, made or sent by Grantee 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 party at the following address:

To GRANTEE:

Economic Minister
Embassy of Israel
641 Lexington Avenue
New York, New York 10022

To A.I.D.

Director
Office of Commodity Management
Agency for International Development
Department of State
Washington, D.C. 20523

Other addresses may be substituted for the above upon giving of notice as provided herein. All communications or documents submitted to A.I.D. hereunder shall be in English and all technical and engineering specifications therein shall be in terms of U.S. standards except as A.I.D. may otherwise agree in writing.

GOVERNMENT OF ISRAEL

By: SIMCHA DINITZ
Title: *Ambassador*

UNITED STATES OF AMERICA

By: DANIEL PARKER
Title: *Administrator*

EXHIBIT A**Certificate to A.I.D.**

Invoice No.(s)

Invoice Date(s)

The undersigned, an official of

(company)

authorized to execute this certificate, hereby certifies to the Agency for International Development (A.I.D.) an agency of the United States that:

- (1) The commodities identified in the attached invoice(s) referenced above are accurately described therein, are new and unused and do not contain any rebuilt or rehabilitated components, and have not been declared surplus by a U.S. Government agency; and
- (2) Such commodities have been mined, grown, or through manufacturing, processing or assembly produced in the United States; and
- (3) Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice(s) or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice(s) referenced above.

Signature _____

Title _____

Date _____

TIAS 8662

EXHIBIT B**Certificate to A.I.D.
for Agricultural Commodities**

Invoice No.(s)
Invoice Date(s)

The undersigned, an official of

(company)

authorized to execute this certificate hereby certifies to the Agency for International Development (A.I.D.), an agency of the United States Government, that:

- (1) The commodities identified in the attached invoice(s) referenced above are accurately described therein and their quality and specifications are in conformance with the requirements of the governing contract.
- (2) Such commodities have been grown or raised in the United States or have been processed from agricultural commodities grown or raised in the United States.
- (3) Upon the request of A.I.D., information will be promptly furnished to A.I.D. in such form as A.I.D. may request, concerning the prices charged in the attached invoice(s) or the prices charged in other sales of the same or similar commodities.

The undersigned acknowledges that A.I.D., in reliance upon the truth, accuracy and undertakings of this certification, may reimburse the Government of Israel with A.I.D. funds for payments made to the supplier in connection with the purchase of the commodities identified in the attached invoice(s) referenced above.

Signature _____
Title _____
Date _____

ISRAEL
Economic Assistance: Cash Grant

*Agreement signed at Washington September 22, 1976;
Entered into force September 22, 1976.*

CASH GRANT AGREEMENT
Agreement No. 271-K-607

By this Agreement dated the 22nd day of September, 1976, the Government of Israel ("Government") and the Government of the United States of America, acting through the Agency for International Development ("A.I.D."), taking cognizance of the indirect foreign exchange costs associated with implementation of the Egypt-Israel interim disengagement agreement of September 4, 1975, [¹] agree as follows:

1. A.I.D. will grant to the Government pursuant to the Foreign Assistance Act of 1961, as amended, [²] fifteen million United States Dollars (\$15,000,000) (the "Grant"), in order to provide necessary foreign exchange to support the economic requirements of the Government.

2. A.I.D. will, within thirty (30) days after the signing of this Agreement, deposit the sum of fifteen million United States Dollars (\$15,000,000) in special account number 001-1-3673-5 of the Treasury of the State of Israel in the National Bank of North America.

3. It is the understanding of the parties hereto that the proceeds of the Grant will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

IN WITNESS WHEREOF, the Government 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 as of the day and year first above written.

GOVERNMENT OF ISRAEL

By: SIMCHA DINITZ
Title: Ambassador
Date: SEP 22 1976

GOVERNMENT OF THE
UNITED STATES OF
AMERICA

By: DANIEL PARKER
Title: Administrator
Date: Sep 22 1976

¹ Department of State Bulletin, Sept. 29, 1975, p. 466.

² 75 Stat. 424; 22 U.S.C. §2151 note.

**MULTILATERAL
General Agreement on Tariffs and Trade**

*Procès-verbal extending the declaration of July 23, 1975,
on the provisional accession of Colombia, to the General
Agreement.*

*Done at Geneva November 12, 1976;
Effective with respect to the United States of America and
Colombia March 28, 1977.*

GENERAL AGREEMENT ON TARIFFS AND TRADE
ACCORD GENERAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
ACUERDO GENERAL SOBRE ARANCELES ADUANEROS Y COMERCIO

PROCES-VERBAL

EXTENDING THE DECLARATION
ON THE PROVISIONAL ACCESSION OF COLOMBIA
TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

PROCES-VERBAL

PROROGEANT LA VALIDITE DE LA DECLARATION CONCERNANT
L'ACCESSION PROVISOIRE DE LA COLOMBIE A L'ACCORD GENERAL
SUR LES TARIFS DOUANIERS ET LE COMMERCE

ACTA

POR LA QUE SE PRORROGA LA DECLARACION RELATIVA
A LA ACCESION PROVISIONAL DE COLOMBIA AL ACUERDO
GENERAL SOBRE ARANCELES ADUANEROS Y COMERCIO

12 November 1976

Geneva

PROCES-VERBAL EXTENDING THE DECLARATION ON
THE PROVISIONAL ACCESSION OF COLOMBIA

The parties to the Declaration of 23 July 1975 on the Provisional Accession of Colombia [¹] to the General Agreement on Tariffs and Trade [²] (hereinafter referred to as "the Declaration" and "the General Agreement", respectively),

ACTING pursuant to paragraph 4 of the Declaration,

AGREE that

1. The validity of the Declaration is extended by changing the date in paragraph 4 to "31 December 1978".

2. This Procès-Verbal shall be deposited with the Director-General to the CONTRACTING PARTIES to the General Agreement. It shall be open for acceptance, by signature or otherwise, by Colombia and by the participating governments. It shall become effective between the Government of Colombia and any participating government as soon as it shall have been accepted by the Government of Colombia and such government.^[3]

3. The Director-General shall furnish a certified copy of this Procès-Verbal and a notification of each acceptance thereof to the Government of Colombia and to each contracting party to the General Agreement.

DONE at Geneva this twelfth day of November, one thousand nine hundred and seventy-six in a single copy in the English, French and Spanish languages, each text being authentic.

¹ TIAS 8322; 27 UST.

² TIAS 1700; 61 Stat., pts. 5 and 6.

³ Accepted by the United States Mar. 28, 1977, and by Colombia Dec. 9, 1976; effective with respect to the United States and Colombia Mar. 28, 1977.

PROCES-VERBAL PROROGANT LA VALIDITE DE LA DECLARATION
CONCERNANT L'ACCESSION PROVISOIRE
DE LA COLOMBIE

Les parties à la Déclaration du 23 juillet 1975 concernant l'accession provisoire de la Colombie à l'Accord général sur les tarifs douaniers et le commerce (instruments ci-après dénommés "la Déclaration" et "l'Accord général", respectivement),

AGISSANT en conformité du paragraphe 4 de la Déclaration,

SONT CONVENUES des dispositions suivantes:

1. La validité de la Déclaration est prorogée, la date mentionnée au paragraphe 4 étant remplacée par la date du "31 décembre 1978".
2. Le présent Procès-verbal sera déposé auprès du Directeur général des PARTIES CONTRACTANTES à l'Accord général. Il sera ouvert à l'acceptation, par voie de signature ou autrement, de la Colombie et des gouvernements participants. Il prendra effet entre le gouvernement de la Colombie et tout gouvernement participant dès que le gouvernement de la Colombie et ledit gouvernement participant l'auront accepté.
3. Le Directeur général délivrera copie certifiée conforme du présent Procès-verbal au gouvernement de la Colombie et à chaque partie contractante à l'Accord général et leur donnera notification de toute acceptation dudit Procès-verbal.

FAIT à Genève, le douze novembre mil neuf cent soixante-seize en un seul exemplaire en langues française, anglaise et espagnole, chaque texte faisant également foi.

ACTA POR LA QUE SE PRORROGA LA DECLARACIÓN RELATIVA
A LA ACCESIÓN PROVISIONAL DE COLOMBIA

Las partes en la Declaración de 23 de julio de 1975, relativa a la accesión provisional de Colombia al Acuerdo General sobre Aranceles Aduaneros y Comercio (denominados en adelante "la Declaración" y el "Acuerdo General", respectivamente),

DE CONFORMIDAD con el párrafo 4 de la Declaración,

ACUERDAN lo siguiente:

1. La validez de la Declaración será prorrogada por dos años más, sustituyendo con este fin la fecha que figura en el párrafo 4 por la de "31 de diciembre de 1978".

2. La presente acta se depositará en poder del Director General de las PARTES CONTRATANTES del Acuerdo General. Estará abierta a la aceptación, mediante firma o de otro modo, de Colombia y de los gobiernos partes en la Declaración y entrará en vigor entre el Gobierno de Colombia y cualquier gobierno parte en ella tan pronto como la hayan aceptado ambos gobiernos.

3. El Director General remitirá una copia certificada de la presente acta y una notificación de cada aceptación de la misma al Gobierno de Colombia y a cada parte contratante del Acuerdo General.

HECHA en Ginebra, el doce de noviembre de mil novecientos setenta y seis, en un solo ejemplar y en los idiomas español, francés e inglés, cuyos textos son igualmente auténticos.

For the Argentine Republic: Pour la République Argentine: Per la República Argentina:

For the Commonwealth
of Australia:

Pour le Commonwealth
d'Australie:

Por el Commonwealth
de Australia:

For the Republic of Austria: Pour la République d'Autriche: For la República de Austria:

For the People's Republic
of Bangladesh:

Pour la République populaire
de Bangladesh:

Por la República Popular
de Bangladesh:

For Barbados:

Pour la Barbade:

Por Barbados:

For the Kingdom of Belgium: Pour le Royaume de Belgique: Por el Reino de Bélgica:

For the People's Republic
of Benin:

Pour la République populaire
du Bénin:

Por la República Popular
de Benín:

For the Federative Republic
of Brazil:

Pour la République fédérative
du Brésil:

Por la República Federativa
del Brasil:

For the Socialist Republic
of the Union of Burma:

Pour la République socialiste
de l'Union birmane:

Por la República Socialista
de la Unión Birmana:

For the Republic of Burundi:

Pour la République du Burundi:

Por la República de Burundi:

For the United Republic
of Cameroon:

Pour la République unie
du Cameroun:

Por la República Unida
del Camerún:

For Canada:

Pour le Canada:

Por el Canadá:

For the Central African
Republic:

Pour la République
centrafricaine:

Por la República
Centroafricana:

For the Republic of Chad:

Pour la République du Tchad:

Por la República del Chad:

For the Republic of Chile:

Pour la République du Chili:

Por la República de Chile:

For the People's Republic
of the Congo:

Pour la République populaire
du Congo:

Por la República Popular
del Congo:

For the Republic of Cuba:

Pour la République de Cuba:

Por la República de Cuba:

For the Republic of Cyprus:

Pour la République de Chypre:

Por la República de Chipre:

For the Czechoslovak Socialist Republic:

Pour la République socialiste tchécoslovaque:

Por la República Socialista Checoslovaca:

For the Kingdom of Denmark:

Pour le Royaume du Danemark:

Por el Reino de Dinamarca:

For the Dominican Republic:

Pour la République Dominicaine:

Por la República Dominicana:

For the Arab Republic of Egypt:

Pour la République arabe d'Egypte:

Por la República Árabe de Egipto:

For the Republic of Finland:

Pour la République de Finlande:

Por la República de Finlandia:

For the French Republic:

Pour la République française:

Por la República Francesa:

For the Gabonese Republic:

Pour la République gabonaise:

Por la República Gabonesa:

For the Republic of
the Gambia:

Pour la République
de Gambie:

Por la República
de Gambia:

For the Federal Republic
of Germany:

Pour la République fédérale
d'Allemagne:

Por la República Federal
de Alemania:

For the Republic of Ghana:

Pour la République du Ghana:

Por la República de Ghana:

For the Hellenic Republic:

Pour la République hellénique:

Por la República Helena:

For the Republic of Guyana:

Pour la République de Guyane:

Por la República de Guyana:

For the Republic of Haiti:

Pour la République d'Haïti:

Por la República de Haití:

For the Hungarian People's
Republic:

Pour la République populaire
hongroise:

Por la República Popular
Húngara:

For the Republic of Iceland:

Pour la République d'Islande:

Por la República de Islandia:

For the Republic of India:

Pour la République de l'Inde:

Por la República de la India:

For the Republic of
Indonesia:

Pour la République
d'Indonésie:

Por la República de
Indonesia:

For Ireland:

Pour l'Irlande:

Por Irlanda:

For the State of Israel:

Pour l'Etat d'Israël:

Por el Estado de Israel:

For the Italian Republic:

Pour la République italienne:

Por la República Italiana:

For the Republic of the
Ivory Coast:

Pour la République de
Côte d'Ivoire:

Por la República de la
Costa de Marfil:

For Jamaica:

Pour la Jamaïque:

Por Jamaica:

For Japan:

Pour le Japon:

Por el Japón:

For the Republic of Kenya:

Pour la République du Kenya:

Por la República de Kenia:

For the Republic of Korea:

Pour la République de Corée:

Por la República de Corea:

For the State of Kuwait:

Pour l'Etat du Koweit:

Por el Estado de Kuwait:

For the Grand-Duchy of
Luxemburg:

Pour le Grand-Duché
de Luxembourg:

Por el Gran Ducado de
Luxemburgo:

For the Democratic Republic
of Madagascar:

Pour la République démocratique
de Madagascar:

Por la República Democrática
de Madagascar:

For the Republic of Malawi:

Pour la République du Malawi:

Por la República de Malawi:

For Malaysia:

Pour la Malaisie:

Por Malasia:

For the Republic of Malta:

Pour la République de Malte:

Por la República de Malta:

For the Islamic Republic
of Mauritania:

Pour la République Islamique
de Mauritanie:

Por la República Islámica
de Mauritania:

For Mauritius:

Pour Maurice:

Por Mauricio:

For the Kingdom of the
Netherlands:

Pour le Royaume des
Pays-Bas:

Por el Reino de los
Países Bajos:

For New Zealand:

Pour la Nouvelle-Zélande:

Por Nueva Zelanda:

For the Republic of
Nicaragua:

Pour la République du
Nicaragua:

Por la República de
Nicaragua:

For the Republic of the Niger: Pour la République du Niger: Por la República del Niger:

For the Federal Republic
of Nigeria:

Pour la République fédérale
du Nigeria:

Por la República Federal
de Nigeria:

For the Kingdom of Norway:

Pour le Royaume de Norvège:

Por el Reino de Noruega:

For the Islamic Republic
of Pakistan:

Pour la République islamique
du Pakistan:

Por la República Islámica
del Pakistán:

For the Republic of Peru:

Pour la République du Pérou:

Por la República del Perú:

For the Republic of
the Philippines:

Pour la République des
Philippines:

Por la República de
Filipinas:

For the Polish People's
Republic:

Pour la République populaire
de Pologne:

Por la República Popular
Polaca:

For the Portuguese Republic: Pour la République portugaise: Por la República Portuguesa:

For Southern Rhodesia:

Pour la Rhodésie du Sud:

Por Rhodesia del Sur:

For the Socialist Republic
of Romania:

Pour la République socialiste
de Roumanie:

Por la República Socialista
de Rumania:

For the Rwandese Republic:

Pour la République rwandaise:

Por la República Rwandesa:

For the Republic of Senegal:

Pour la République du Sénégal:

Por la República del Senegal:

For the Republic of
Sierra Leone:

Pour la République de
Sierra Leone:

Por la República de
Sierra Leona:

For the Republic of
Singapore:

Pour la République de
Singapour:

Por la República de
Singapur:

For the Republic of
South Africa:

Pour la République
sud-africaine:

Por la República de
Sudáfrica:

For the Spanish State:

Pour l'Etat espagnol:

Por el Estado Español:

For the Republic of
Sri Lanka:

Pour la République de
Sri Lanka:

Por la República de
Sri Lanka:

For the Kingdom of Sweden:

Pour le Royaume de Suède:

Por el Reino de Suecia:

For the Swiss Confederation: Pour la Confédération suisse: Por la Confederación Suiza:

For the United Republic
of Tanzania: Pour la République-Unie de
Tanzanie: Por la República Unida
de Tanzania:

For the Togolese Republic: Pour la République togolaise: Por la República Togolesa:

For Trinidad and Tobago: Pour la Trinité-et-Tobago: Por Trinidad y Tabago:

For the Republic of Tunisia: Pour la République tunisienne: Por la República de Túnez:

For the Republic of Turkey: Pour la République turque: Por la República de Turquía:

For the Republic of Uganda; Pour la République de l'Ouganda; Por la República de Uganda;

For the United Kingdom of Great Britain and Northern Ireland;

Pour le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord;

Por el Reino Unido de Gran Bretaña e Irlanda del Norte;

For the United States of America;

Pour les Etats-Unis d'Amérique;

Por los Estados Unidos de América;

For the Republic of the Upper Volta;

Pour la République de Haute-Volta;

Por la República del Alto Volta;

For the Eastern Republic of Uruguay;

Pour la République orientale de l'Uruguay;

Por la República Oriental del Uruguay;

For the Socialist Federal Republic of Yugoslavia;

Pour la République fédérative socialiste de Yougoslavie;

Por la República Federativa Socialista de Yugoslavia;

For the Republic of Zaire:

Pour la République du Zaïre:

Por la República del Zaire:

For the European
Economic Community:

Pour la Communauté
économique européenne:

Por la Comunidad Económica
Europea:

For the Republic of
Colombia:

Pour la République de
Colombie:

Por la República de
Colombia:

I hereby certify that the foregoing text is a true copy of the Procès-Verbal Extending the Declaration on the Provisional Accession of Colombia to the General Agreement on Tariffs and Trade, done at Geneva on 12 November 1976, the original of which is deposited with the Director-General to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade.

Je certifie que le texte qui précède est la copie conforme du Procès-verbal prorogeant la validité de la Déclaration concernant l'accession provisoire de la Colombie à l'Accord général sur les tarifs douaniers et le commerce, établi à Genève le 12 novembre 1976, dont le texte original est déposé auprès du Directeur général des PARTIES CONTRACTANTES à l'Accord général sur les tarifs douaniers et le commerce.

Certifico que el texto que antecede es copia conforme de la Acta por la que se prorroga la Declaración relativa a la accesión provisional de Colombia al Acuerdo General sobre Aranceles Aduaneros y Comercio, hecho en Ginebra el 12 de noviembre de 1976, de cuyo texto original es depositario el Director General de las PARTES CONTRATANTES del Acuerdo General sobre Aranceles Aduaneros y Comercio.

O. Long

Director-General
Geneva

Directeur général
Genève

Director General
Ginebra

PARAGUAY
Small Farmer Development

*Agreement signed at Asunción June 30, 1975;
Entered into force June 30, 1975.
And amending agreement
Signed at Asunción December 7, 1976;
Entered into force December 7, 1976.*

A.I.D. Loan No. 526-T-027

ALLIANCE FOR PROGRESS
LOAN AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY
AND
THE UNITED STATES OF AMERICA
FOR
SMALL FARMER DEVELOPMENT

Dated: 30 JUNE 1975

Loan agreement dated 30 June 1975, between the GOVERNMENT OF THE REPUBLIC OF PARAGUAY ("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 Borrower in furtherance of the Alliance for Progress and pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended,^[1] an amount not to exceed four million seven hundred thousand United States dollars (\$4,700,000) ("Loan") to assist Borrower in carrying out the project referred to in Section 1.02 ("Project"). The Loan shall be used exclusively to finance foreign exchange costs of goods and services required for the Project ("Dollar Costs") and local currency costs of goods and services required for the Project ("Local Currency Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

SECTION 1.02. The Project. The Loan will finance an essential part of an integrated program to provide credit, technical assistance and marketing services to small-scale Paraguayan farmers. Specifically the Loan will: (i) finance facilities in the amount of \$1,200,000 required by the Unión Paraguaya de Cooperativas ("UNIPACO") to market crops of the small farmers and to provide them with farm inputs, such facilities are described in Annex I; (ii) provide credit in the amount of \$3,000,000 to Paraguayan small farmers through the Central Cooperativa Nacional de Ahorro y Crédito (CREDICOOP) and (iii) provide working capital for UNIPACO in the amount of \$500,000.

The total project will consist of two other elements: (i) technical assistance to UNIPACO and CREDICOOP to strengthen these institutions and their cooperatives organizationally, this element will be financed by an A.I.D. grant project; and (ii) technical assistance to the small farmer to provide him with new farming technology and to introduce him to the grading and classifying of his production. This element will be financed by the Ministry of Agriculture, the credit unions and UNIPACO.

The Project is more fully described in Annex I attached hereto. Said Annex may be modified in writing by mutual agreement of the parties. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 9.03 ("Implementation Letters").

^[1] 75 Stat. 424; 22 U.S.C. § 2151 note. [Footnote added by the Department of State.]

ARTICLE II

Loan Terms

SECTION 2.01. Interest. Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04) and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency and Place of Payment. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the Agency for International Development, Cashier, (BER/FM), Washington, D.C. 20523, United States of America. Payment shall be deemed made when received.

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. Renegotiation of the Terms of the Loan. In light of the undertakings of the United States of America and the other signatories of the Act of Bogota^[1] and the Charter of Punta del Este^[2] to forge an Alliance for Progress, the Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Paraguay, taking into considera-

¹ Department of State Bulletin, Oct. 3, 1960, p. 537.

² Department of State Bulletin, Sept. 11, 1961, p. 462. [Footnotes added by the Department of State.]

tion the relative capital requirements of Paraguay and of the various signatories of the Act of Bogota and the Charter of Punta del Este.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement.

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

- (a) An opinion of the Attorney General of Paraguay, or other counsel satisfactory to A.I.D. that this Agreement has been duly authorized and/or ratified and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the office of Borrower specified in Section 9.02, and a specimen signature of each person specified in such statement.

SECTION 3.02. Condition Precedent to Disbursement for Engineering Services and Related Procurement. Prior to the first disbursement or the issuance of any commitment documents under the Loan to finance engineering services and related procurement, Borrower shall submit in writing to A.I.D. satisfactory evidence of contracts for the final design and location study of the UNIPACO facilities and related infrastructure to be financed under the Loan.

SECTION 3.03. Condition Precedent to Disbursement for Other than Engineering Services and Related Procurement. Prior to any disbursement or the issuance of any commitment documents under the Loan, other than for engineering services and related procurement, Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) An executed agreement providing for the National Development Bank to act as Borrower's agent for this loan.
- (b) Executed written agreements between Borrower and CREDICOOP and Borrower and UNIPACO setting forth the terms and conditions under which loan funds are to be relent by the Borrower to UNIPACO and CREDICOOP, including provisions that A.I.D. funds and the roll-over thereof shall be limited to the production and marketing of commodities eligible for A.I.D. financing (see Annex I).
- (c) Executed agreements between Borrower and UNIPACO and Borrower and CREDICOOP setting forth the capitalization requirements established under the agreements and the policy designed to implement said requirements.

- (d) Except as A.I.D. may otherwise agree in writing, executed agreements between Borrower and UNIPACO and Borrower and CREDICOOP setting forth their mutual goals and purposes, the policies designed to implement the same, and verifiable performance indicators designed with particular emphasis upon the implementation of the policies designed to reach farmers with land holdings of less than twenty (20) hectares with special emphasis on farmers with less than five (5) hectares.
- (e) An executed agreement between Borrower and CREDICOOP setting forth limitations on the financing of annual crops to a fixed percentage of the expected value of the harvested crop with said percentage to be approved by A.I.D. in writing prior to commencement of lending operations for each crop year during the first five years after initial disbursement under the loan.
- (f) An executed agreement between Borrower and UNIPACO providing that prior to disbursement of funds for construction of any facilities UNIPACO will provide to the National Development Bank (NDB) and to A.I.D. final design and location studies satisfactory to A.I.D. for each facility to be constructed.
- (g) Except as A.I.D. may otherwise agree in writing an executed agreement between Borrower and UNIPACO providing that UNIPACO shall establish a reserve fund to provide for increased capitalization, which UNIPACO shall augment annually by the GUARANI equivalent of either \$100,000 or twenty percent (20%) of the disbursed amount of the \$500,000 allocated to the Loan for working capital, whichever is less.

SECTION 3.04. Terminal Dates for Meeting Conditions Precedent to Disbursement.

- (a) If the conditions specified in Section 3.01 shall not have been met within sixty (60) days after the execution of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to Borrower. Upon giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.
- (b) If the conditions specified in Section 3.02 shall not have been met within sixty (60) days and in Section 3.03 within one hundred and twenty (120) days after the execution of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan and/or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, Borrower shall immediately repay the Principal then outstanding and shall pay any accrued

interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.05. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01, 3.02, and 3.03, have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

- (a) Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, planning and management practices. In this connection Borrower shall cause to be employed suitably qualified and experienced consultants and other personnel for the Project.
- (b) Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D., pursuant to this Agreement.

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

SECTION 4.03. Continuing Cooperation. Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, 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 Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged in the Project, and other matters relating to the Project. Without limitation upon the foregoing, Borrower and A.I.D. will carry out an annual review of the Project during the period of disbursement under the Loan.

SECTION 4.04. Management. The Borrower shall cause to be provided qualified and experienced management, acceptable to A.I.D. for the Project, and it shall cause such staff to be trained as may be appropriate for carrying out 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 Paraguay. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts, financed hereunder and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Paraguay. Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.06. Utilization of Goods and Services.

- (a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other times as goods financed under the Loan can no longer be usefully employed for the Project, Borrower may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such use or disposition.
- (b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION 4.07. Disclosure of Material Facts and Circumstances.

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 obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D. accurately and completely all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect the Project 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 the Borrower's fulltime officers and employees or as compensations 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 Paraguay.

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

SECTION 4.10. Reports. Borrower agrees to furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may reasonably request, including a report on Project progress to be furnished at least on a quarterly basis during the period of disbursement under the Loan.

SECTION 4.11. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Loan, and Borrower's books, records, and other documents relating to the Project and the Loan. Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Paraguay for any purpose relating to the Loan.

ARTICLE V

Special Covenants and Warranties

SECTION 5.01. Without limitation with respect to obligations otherwise incurred under this Agreement, Borrower hereby specifically covenants and warrants:

- (i) To subordinate its claims to UNIPACO's assets so that UNIPACO can pledge them to obtain additional working capital.
- (ii) Not to require mortgages on real property for subloans made to CREDICOOP that are secured with crop liens, personal property liens, and cosigners sufficient to guarantee said subloans.
- (iii) That except as A.I.D. may otherwise agree in writing, Borrower shall make disbursements to CREDICOOP based upon annual investment plans prepared by CREDICOOP and approved by the National Development Bank and will permit CREDICOOP to relend Loan repayments without Borrower's approval; except that rollover funds from the Loan will not be used for financing production of commodities ineligible for A.I.D. financing, and Borrower shall reserve the right to perform regular audits of CREDICOOP to insure that funds are being administered properly.
- (iv) That except as A.I.D. may otherwise agree in writing, Borrower shall assure that UNIPACO has first priority to borrow for working capital purposes any funds that CREDICOOP might have on deposit in an interest bearing account at the National Development Bank with said funds also being available when needed by CREDICOOP.
- (v) That except as A.I.D. may otherwise agree in writing, Borrower shall provide the services of agricultural extension personnel required to provide adequate technical assistance to farmer-members of CREDICOOP credit unions.
- (vi) That except as A.I.D. may otherwise agree in writing, Borrower shall to the best of its ability provide agricultural production credit through CREDICOOP at its most favorable rate of interest for credit requirements of farm borrowers for commodities not eligible for A.I.D. financing to CREDICOOP-affiliated rural credit unions.
- (vii) Except as A.I.D. may otherwise agree in writing, Borrower shall not request disbursement from A.I.D. until it has approved specific disbursement requests from UNIPACO or CREDICOOP and upon receipt of funds from A.I.D., Borrower shall disburse, or cause to be disbursed, such funds to UNIPACO or CREDICOOP within fifteen (15) days of their receipt by Borrower.

ARTICLE VI

Procurement

SECTION 6.01. Selected Free Worldwide Procurement. Except as A.I.D. may otherwise agree in writing, and except as provided in Subsection 6.08(c) with respect to marine insurance, disbursements made pursuant to Section 7.01 shall be used exclusively to finance 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 in effect at the time orders are placed or contracts are entered into for such goods and services ("Selected Free World Goods and Services"). 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 in effect at the time of shipment.

SECTION 6.02. Procurement from Paraguay. Disbursement made pursuant to Section 7.02 shall be used exclusively to finance procurement for the Project of goods and services having both their source and origin in Paraguay.

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 this Agreement.

SECTION 6.04. Goods and Services Not Financed Under 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. Plans, Specifications and Contracts.

- (a) Except as A.I.D. may otherwise agree in writing, Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, schedules, bid documents and contracts or other arrangements relating to the Project, and any modifications therein, whether or not the goods and services to which they relate are financed under the Loan.
- (b) Except as A.I.D. may otherwise agree in writing, all plans, specifications and schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

- (c) Except as A.I.D. may otherwise specify, all bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance. Such documents shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.
- (d) Except as A.I.D. may otherwise agree in writing, the following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution:
 - (i) contracts for engineering, consultant and other professional services;
 - (ii) contracts for such other services as A.I.D. may specify; and
 - (iii) contracts for such equipment and material as A.I.D. may specify.

In the case of contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

- (e) Consulting firms or other technical assistance used by Borrower for the Project, but not financed under the Loan, as well as the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, shall be subject to the written approval of A.I.D.

SECTION 6.07. Reasonable Prices. 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 6.08. Shipping and Insurance.

- (a) Selected Free World Goods financed under the Loan shall be transported to Paraguay 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 Selected Free World Goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers) which shall be transported on ocean going 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. In addition, at least fifty percent (50%) of

the gross freight revenue generated by all shipments financed under the Loan and transported on dry cargo liners shall be paid to or for the benefit of 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 A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods, unless such charter has been approved by A.I.D.

- (c) 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 Paraguay 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, Paraguay, 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 risk in the United States of America with a company or companies authorized to conduct a marine insurance business in any state of the United States of America.
- (d) 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 Borrower under such insurance shall be used to replace or repair any material damage or any loss of goods insured or shall be used to reimburse 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 6.09. 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 agrees to furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 6.10. United States Government-Owned Excess Property. Borrower will utilize, with respect to goods financed under the Loan to which Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. Borrower shall seek assistance from A.I.D. and A.I.D. will assist Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by Borrower or its representative. Costs of inspection and of acquisition, and all charges incident to the transfer to Borrower of such Excess Property, may be financed under the Loan. Prior to procurement of any goods, other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

SECTION 6.11 Information and Marking. Borrower shall give publicity to the Loan and the Project as a program of United States aid in furtherance of the Alliance for Progress and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursements 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 Letters of Credit or otherwise, for Dollar Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Let-

ters of Credit shall be for the account of Borrower and may be financed under the Loan.

SECTION 7.02. Disbursement for Local Currency Costs. Upon satisfaction of conditions precedent, Borrower may, from time to time, request disbursement by A.I.D. of local currency for Local Currency Costs of 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 of Paraguay owned by the United States Government and obtained by A.I.D. with United States dollars. The United States dollar amount of the Loan disbursed under this Section will be the United States dollar equivalent of local currency disbursements determined at the rate of exchange established by the Government of Paraguay for official transactions as of the date of each respective disbursement as defined in Section 7.04(b).

SECTION 7.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as Borrower and A.I.D. may agree to in writing.

SECTION 7.04. Procedure for and 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 which A.I.D. makes a disbursement to 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 which A.I.D. disburses the local currency to Borrower or its designee.

SECTION 7.05. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment document which may be called for by another form of disbursement under Section 7.03, or amendment thereto, shall be issued in response to requests received by A.I.D. forty two months after date of this Agreement and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after forty eight months from the date of this Agreement. A.I.D., at its option, may at any time or times after such date, 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 Borrower. Borrower may, with the prior written consent of A.I.D. cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) which has not then been utilized

through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

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

- (a) Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) Borrower 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 diligence and efficiency; and
- (c) Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between Borrower or any of its agencies and A.I.D., or any of its predecessor agencies.

Then, A.I.D. may, at its option, give 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 remedied to the satisfaction of A.I.D. within such sixty days:

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

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

- (a) An Event of Default has occurred;
- (b) An event 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 Borrower will be able to perform its obligations under this Agreement; or
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.

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

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

- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D., if the goods are from a source outside Paraguay, are in a deliverable state, and have not been offloaded in ports of entry for Paraguay. 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 then due and any accrued interest hereunder.

SECTION 8.06. Refunds.

- (a) In the case of any disbursement from funds received under this Agreement not supported by valid documentation in accordance with the terms of this Agreement, or of any such 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 to A.I.D. such amount in United States dollars or local currency as specified by A.I.D. within thirty (30) days after receipt of a request thereof. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder to the extent justified, the remainder, if any, shall be applied to installments of Principal in the inverse order of their maturity thereby effecting a reduction of the amount of the loan by the amount of such remainder. Notwithstanding any other provision of 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 installments of Principal in the inverse order of their maturity thereby effecting a reduction of the amount of the Loan 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 reason of the occurrence of any of the events specified in Section 8.02 may be charged to Borrower and shall be reimbursed to A.I.D. by the Borrower in such manner as A.I.D. may specify.

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

ARTICLE IX

Miscellaneous

SECTION 9.01. Communications. Any notice, request, document, or other communication given, made, or sent by 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 mail, telegram, cable, or radiogram at the following address:

TO BORROWER:

For Loan Servicing

Mail Address:	Ministry of Finance Asunción, Paraguay
Cable Address:	MINHACIENDA Asunción, Paraguay

For Project Implementation

Matters pertaining to MAG

Mail Address:	Ministry of Agriculture (MAG) Asunción, Paraguay
Cable Address:	MINAGRICULTURA Asunción, Paraguay

Matters pertaining to NDB

Mail Address:	National Development Bank Asunción, Paraguay
Cable Address:	PYTIBO Asunción, Paraguay

TO A.I.D.:

Mail Address: USAID Mission to Paraguay
Asunción, Paraguay

Cable Address: USAID/Paraguay
Asunción, Paraguay

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

SECTION 9.02. Representatives. For all purposes relative to this Agreement, Borrower will be represented by the individual holding or acting in the office of Minister of Finance and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to Paraguay. 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 a 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 the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 9.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe 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, Borrower shall issue promissory notes or such other evidence of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

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

SECTION 9.06. Difference in Meaning. The English language version of this Agreement shall be used to resolve differences in meaning between the English version and the Spanish version.

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 30 June 1975.

FOR THE GOVERNMENT OF
THE REPUBLIC OF
PARAGUAY

CÉSAR BARRIENTOS

César Barrientos
Minister of Finance

HERNANDO BERTONI

Hernando Bertoni
Minister of Agriculture

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

GEORGE W. LANDAU

George W. Landau
Ambassador

OLIVER L. SAUSE

Oliver L. Sause
*Director, USAID
Mission to Paraguay*

ANNEX I

THE PROJECT

A. Overview

The goal of the project is to increase the productivity and income of Paraguayan farmers who cultivate less than 20 hectares of land. The operations of CREDICOOP and UNIPACO are complementary and support this overall goal. Although these two beneficiaries of the Loan to the Borrower will continue to require some grant assistance during the implementation phase of the Project, the financial benefits derived from this Loan should permit phasing out the grants over a four-year period.

Credit unions will be established in 40 rural population concentrations of 10,000 and above, therefore, they eventually could serve all the small farmers located in a rural population of 400,000 even though the credit unions will only be serving an estimated 13,500 farmers and 4,500 other rural dwellers by the end of the project in 1979. In addition, as these credit unions mature, they plan to open branch offices in rural concentrations of as few as 3,000 people.

By the end of the project, UNIPACO plans to have 12,000 members and the capacity to service 20,000 small farmers. Since UNIPACO earns money on each unit of farm produce or farm input handled, providing service to groups which are not yet members does not upset its profit picture. For this reason, UNIPACO was able to market crops profitably for about 6,000 small farmers in 1973, even though its membership was about 2,000. Since in the future UNIPACO will pay patronage refunds to members only, there will be an incentive for farmers to join a marketing cooperative as soon as one is serving their vicinity.

As mentioned above the Loan will finance an essential part of an integrated program to provide credit, technical assistance and market-

ing services to small-scale Paraguayan farmers. The total program consists of five elements: (a) technical assistance to UNIPACO and CREDICOOP to strengthen these two young institutions and their member cooperatives organizationally; (b) technical assistance to the small farmer to provide him with new farming technology and to introduce him to grading and classifying of his production; (c) facilities required by UNIPACO to market crops of the small farmers and to provide them with farm inputs; (d) credit and (e) working capital for UNIPACO. The first element will be financed by an A.I.D. grant project, (b) will be financed jointly by the Ministry of Agriculture (MAG), CREDICOOP, UNIPACO and their cooperatives, and elements (c), (d) and (e) will be financed by the Loan.

B. Institution Building

The purpose of this project is to further develop, strengthen and institutionalize two national-level cooperative centrals which deliver services to Paraguayan small farmers. CREDICOOP, a credit union central, and UNIPACO, a marketing cooperative central, are both relatively new and will use A.I.D. Loan funds to improve their financial base so they can multiply the number of cooperatives available to the small farmer. To assist UNIPACO and CREDICOOP improve their financial base, the Borrower through a trust fund arrangement with the National Development Bank (NDB) will make available the funds to them at the same interest rates received by the Borrower. The repayment provisions will differ somewhat for UNIPACO as noted below.

Each cooperative central will be responsible individually for repaying its principal and interest to the Borrower. CREDICOOP will repay its loan to the Borrower in 40 years in accordance with the lender's amortization schedule which will include a ten-year grace period on repayment of the principal. UNIPACO, on the other hand, will repay its loan over a 20-year period in accordance with an amortization schedule to be developed by the Borrower which will include a five-year grace period on repayment of the principal. The resulting difference in funds will be available to the Borrower to finance eligible loans made to the agriculture sector.

The establishment of the credit union movement in Paraguay has enabled the Borrower to serve small farmers effectively. The procedure used to pass credit to small farmers begins with CREDICOOP assisting the credit unions to prepare an annual investment plan for each farmer. These plans, in turn, are aggregated into what has been termed the credit union's annual "global investment plan." CREDICOOP presents to the NDB for its approval a global investment plan for each credit union. The NDB disburses funds directly to the credit union in accordance with the plan once it has been approved.

The procedure used to pass Loan disbursements to small farmers will be similar. The credit unions will continue to prepare global investment plans and present them to CREDICOOP. However, these plans will not be presented separately to the NDB. Rather, CREDICOOP will merge them into one blanket credit request for all the credit unions before submitting it to the NDB. The NDB will review credit requests and will approve Loan disbursements only for financially sound projects containing only crops eligible for A.I.D. financing. Then the NDB, after approving the request, will make Loan disbursements to CREDICOOP and CREDICOOP will be responsible for making subloans to the credit unions. CREDICOOP will make available the money to the credit unions directly, through the branch offices of the NDB, or in the form of physical inputs, whichever is most appropriate.

CREDICOOP, with this Loan and the technical assistance provided by A.I.D. and the Borrower, is to become a financial institution specializing in lending to small farmers. To achieve this objective it must begin making the final decisions regarding the loans it awards. Therefore, a different lending procedure, one that increases CREDICOOP's responsibility, will be employed with respect to the use of subloan repayments. CREDICOOP will be allowed to relend the repayments for subloans financed hereunder without the approval of the NDB; however, NDB approval is required for subloans financed with Loan disbursements. Nevertheless, subloans financed with these repayments will be analyzed by consultants who will be made available to CREDICOOP during the disbursement period of the Loan. In addition, the Borrower will have the right to perform regular audits of CREDICOOP to insure that these funds are being administered properly and are not financing crops ineligible for A.I.D. financing. Such ineligible crops are two nonfood commodities in world surplus, cotton and tobacco.

The Loan proceeds for UNIPACO will be used to finance working capital and to purchase facilities that are strategic to its operations. These will include a grain elevator, a storage complex, a grain exporting facility (river barge loading unit) and a feed mill. UNIPACO needs these facilities, currently rented from competitors, to carry out its business. Two types of costs will be financed with UNIPACO's funds for purchasing facilities: costs of a final design and location study for the facilities, and the costs of the facilities. UNIPACO will be allowed \$500,000 of the Loan to assist in financing its short-term working capital requirements for the marketing of commodities eligible for A.I.D. financing.

The loan disbursements to UNIPACO will be made upon the presentation of documentation to be agreed upon at a later date by the NDB and A.I.D.

C. Financial Plan**Total Project Funds (CY 1975-1979)****(1) A.I.D. Loan**

a. Credit.....	CREDICOOP.....	\$3,000,000
b. Working Capital.....	UNIPACO.....	500,000
c. Facilities.....	UNIPACO.....	1,200,000
		<hr/>
		\$4,700,000

(2) A.I.D. Grant UNIPACO

a. Contract Advisors.....	\$284,500
b. Participant Training.....	12,000
c. Commodities.....	100,000
d. Other (including budget support).....	146,000
	<hr/>
	\$542,500

(3) A.I.D. Grant CREDICOOP

a. Contract Advisors.....	\$298,000
b. Participant Training.....	42,000
c. Commodities.....	61,000
d. Other (including budget support).....	287,000
	<hr/>
	\$688,000

TOTAL A.I.D. \$5,930,500

(4) GOP Contribution

a. Extension Services.....	\$214,500
b. Coop Promotion.....	4,000
c. Credit Advisor.....	12,600
d. NDB Landings.....	2,274,400
e. NDB Admin. Costs.....	94,000
f. Budget Support.....	40,000
	<hr/>
	\$2,639,500

(5) CREDICOOP System

A. CREDICOOP

1. Operating Expenses.....	\$243, 900
2. Undistributed Profits.....	17, 000
B. Credit Unions (Rural)	
1. Member Savings.....	1, 325, 900
2. Operating Expenses.....	504, 000
	<u>\$2, 090, 800</u>

(6) UNIPACO System

A. UNIPACO

1. Net Undistributed Profit.....	\$580, 900
2. Operating Expenses.....	1, 422, 600
B. UNIPACO Member Co-ops (Operating Costs)	340, 000
	<u>\$2, 343, 500</u>

Préstamo A.I.D. No. 526-T-027

ALIANZA PARA EL PROGRESO

CONVENIO DE PRESTAMO

ENTRE

EL GOBIERNO DE LA REPUBLICA DEL PARAGUAY

Y

LOS ESTADOS UNIDOS DE AMERICA

PARA

LA ASISTENCIA AL PEQUEÑO AGRICULTOR

CONVENIO DE PRESTAMO de fecha **30 JUN. 1975**, entre el GOBIERNO DE LA REPUBLICA DEL PARAGUAY ("Prestatario") y los ESTADOS UNIDOS DE AMERICA, representados por LA AGENCIA PARA EL DESARROLLO INTERNACIONAL ("A.I.D.").

ARTICULO I

El Préstamo

SECCION 1.01. El Préstamo. A.I.D. se compromete a dar en préstamo al Prestatario, de conformidad con la Alianza para el Progreso y de acuerdo con la Sección 103 del Acta de Asistencia al Exterior de 1961, y sus enmiendas, una suma que no excede de CUATRO MILLONES SETECIENTOS MIL DOLARES DE LOS ESTADOS UNIDOS DE AMERICA (US\$ 4.700.000) ("Préstamo") para ayudar al Prestatario a realizar el Proyecto referido en la Sección 1.02 ("Proyecto"). El Préstamo será usado exclusivamente para financiar los costos en divisas extranjeras de bienes y servicios necesarios para el Proyecto ("Costo en Dólares") y los costos en moneda local de bienes y servicios requeridos para el Proyecto ("Costos en Moneda Local"). La suma total de desembolsos bajo el Préstamo se denominará "Principal", para los efectos de este Convenio.

SECCION 1.02. El Proyecto. El Préstamo financiará una parte importante de un programa integrado que proveerá crédito, asistencia técnica y servicios de mercadeo a los pequeños agricultores paraguayos. Específicamente, el Préstamo: (i) financiará las instalaciones y equipos para la Unión Paraguaya de Cooperativas ("UNIPACO") por un valor de US\$ 1.200.000, para el mercadeo de los productos de los pequeños agricultores y para proveerlos con insumos agrícolas, según se describe en el Anexo I; (ii) proporcionará crédito en la suma de US\$ 3.000.000 a los pequeños agricultores paraguayos por medio de la Central Cooperativa de Ahorro y Crédito ("CREDICOOP") y (iii) proporcionará capital operativo a UNIPACO en la suma de US\$ 500.000.

El proyecto total consistirá de otros dos componentes: (i) asistencia técnica a UNIPACO y CREDICOOP para fortalecer la organización de estas instituciones y sus cooperativas. Este componente será financiado por un proyecto de donación de A.I.D.; y (ii) asistencia técnica al pequeño agricultor para proporcionarle nueva tecnología agrícola y para demostrarle cómo seleccionar y clasificar su producción. Este componente será financiado por el Ministerio de Agricultura, las cooperativas de crédito y UNIPACO.

El Proyecto está descripto más ampliamente en el Anexo I adjunto a este Convenio. Dicho Anexo puede ser modificado por acuerdo escrito de las partes. Los bienes y servicios a ser financiados por el Préstamo se establecerán en las cartas de ejecución mencionadas en la Sección 9.03 ("Cartas de Ejecución").

ARTICULO II

Términos del Préstamo

SECCION 2.01. Intereses. El Prestatario pagará a A.I.D. los intereses devengados a razón del dos por ciento (2%) anual, durante un período de diez (10) años, a partir de la fecha del primer desembolso del Préstamo y a razón del tres por ciento (3%) por año después de ese período por el saldo pendiente del Principal y por cualquier interés vencido y no pagado. Los intereses del saldo pendiente devengarán a partir de la fecha de cada desembolso respectivo (según la fecha especificada en la Sección 7.04) y serán computados sobre la base de un año de 365 días. Los intereses serán pagados semi-anualmente. El primer pago de intereses vencerá y será pagado no más tarde de seis (6) meses después del primer desembolso de acuerdo a este Convenio, en fecha a ser determinada por A.I.D.

SECCION 2.02. Amortización. El Prestatario reembolsará a A.I.D. el Principal, dentro de los cuarenta (40) años a partir de la fecha del primer desembolso, conforme a este Convenio, en sesenta y una (61) cuotas aproximadamente iguales, semi-anuales de Principal e interés. La primera cuota del Principal será pagada nueve años y medio (9 1/2) después de la fecha de vencimiento del primer pago de intereses de conformidad con la Sección 2.01. A.I.D. proporcionará al Prestatario un plan de amortización de conformidad con esta Sección, después del desembolso final del Préstamo.

SECCION 2.03. Aplicación, Moneda y Lugar de Pago. Todos los pagos de intereses y Principal del presente Convenio serán hechos en dólares de los Estados Unidos de América y serán aplicados en primer lugar al pago de intereses devengados y después al reembolso del Principal. Salvo que A.I.D. especifique lo contrario por escrito, todos estos pagos se harán a la A.I.D. en la siguiente dirección: Agency for International Development, Cashier, (SER/FM), Washington, D.C. 20523, Estados Unidos de América, y serán considerados pagados una vez recibidos.

SECCION 2.04. Pagos Anticipados. Una vez efectuados todos los pagos de intereses y reembolsos adeudados, el Prestatario podrá pagar por adelantado, sin multa, todo o cualquier porción del Principal. Cualquiera de tales pagos anticipados será aplicado a las cuotas del Principal en el orden inverso a su vencimiento.

SECCION 2.05. Reconsideración de los Términos del Préstamo. En vista de los compromisos del Paraguay, de los Estados Unidos de América y de las otras partes signatarias del Acta de Bogotá y la Carta de Punta del Este para forjar una Alianza para el Progreso, el Prestatario acuerda negociar con A.I.D., en el momento o momentos que A.I.D. lo solicite, una aceleración del reembolso del Préstamo en el caso de haber una mejora significativa en la situación económica y financiera interna y externa y en las perspectivas del Paraguay, tomando en cuenta las relativas necesidades de capital del Paraguay y de los otros signatarios del Acta de Bogotá y de la Carta de Punta del Este.

ARTICULO III

Condiciones Previas al Desembolso

SECCION 3.01. Condiciones Previas al Desembolso Inicial. Antes del primer desembolso o de la emisión de la primera Carta de Compromiso bajo el Préstamo, y salvo que A.I.D. manifieste lo contrario por escrito, el Prestatario proporcionará a A.I.D. en forma y substancia satisfactorias a A.I.D.:

- (a) Un dictámen del Fiscal General del Estado de Paraguay, o de otro asesor legal satisfactorio a A.I.D. indicando que este Convenio ha sido debidamente autorizado y/o ratificado por, y formalizado en representación del Prestatario, y que constituye una obligación válida y legal del Prestatario de conformidad con todos sus términos.
- (b) Una nómina de las personas en funciones o interinando en la sede del Prestatario, especificada en la Sección 9.02, y un espécimen de la firma de cada persona que figura en tal nómina.

SECCION 3.02. Condiciones Previas a Desembolsos para Servicios de Ingeniería y Adquisiciones Relacionadas. Antes del primer desembolso, o de la emisión de cualquier documento de compromiso bajo el Préstamo para financiar servicios de ingeniería y adquisiciones relacionadas, el Prestatario deberá presentar por escrito a A.I.D., evidencia satisfactoria de contratos para el diseño final y estudios de la ubicación de las instalaciones de UNIPACO y la infraestructura pertinente a ser financiada bajo el Préstamo.

SECCION 3.03. Condiciones Previas a Desembolsos para Otros Servicios y Adquisiciones que no sean los de Ingeniería y Adquisiciones Relacionadas. Antes de cualquier desembolso o de la emisión de cualquier documento de compromiso bajo el Préstamo, que no sean para servicios de ingeniería y adquisiciones conexas, el Prestatario deberá proporcionar a A.I.D., en forma y substancia satisfactorias a A.I.D.:

- (a) Un convenio formalizado estableciendo que el Banco Nacional de Fomento actúa como representante del Prestatario para el Préstamo.

- (b) Convenios formalizados por escrito entre el Prestatario y CREDICOOP y entre el Prestatario y UNIPACO estableciendo los términos y condiciones bajo los cuales los fondos del préstamo serán subprestados por el Prestatario a UNIPACO y CREDICOOP, incluyendo disposiciones de que tanto los fondos de A.I.D. como las recuperaciones resultantes serán limitados a la producción y mercadeo de productos elegibles para la financiación de A.I.D. (Ver Anexo I).
- (c) Convenios formalizados entre el Prestatario y UNIPACO y entre el Prestatario y CREDICOOP estableciendo los requisitos de capitalización contemplados en los convenios de préstamos y el plan de acción a seguir para cumplir con tales requisitos.
- (d) Convenios formalizados entre el Prestatario y UNIPACO y entre el Prestatario y CREDICOOP estableciendo sus objetivos y propósitos mutuos, el plan de acción para su ejecución, y los indicadores verificables de cumplimiento diseñados con énfasis particular sobre la ejecución del plan de acción programado para llegar a agricultores que posean propiedades de menos de veinte (20) hectáreas con especial énfasis en aquellos agricultores con menos de cinco (5) hectáreas, salvo que A.I.D. pueda acordar lo contrario por escrito.
- (e) Un convenio formalizado entre el Prestatario y CREDICOOP especificando las limitaciones sobre el financiamiento de cultivos anuales a un porcentaje fijo del valor esperado de la cosecha de tales cultivos con la previa aprobación por escrito de A.I.D. de tal porcentaje, antes del inicio de las operaciones de préstamo, para cada año de cultivo durante los primeros cinco años después del desembolso inicial del préstamo.
- (f) Un convenio formalizado entre el Prestatario y UNIPACO estableciendo que previo al desembolso de fondos para la construcción de cualquier instalación, UNIPACO proporcionará al Banco Nacional de Fomento (BNF) y a A.I.D. el diseño final y los estudios de ubicación satisfactorios a A.I.D. para cada instalación a ser construida.

- (g) Un convenio formalizado entre el Prestatario y UNIPACO especificando que UNIPACO establecerá un fondo de reserva para aumento de capitalización que UNIPACO incrementará anualmente por un monto equivalente en GUARANIES de US\$ 100.000 o veinte por ciento (20%) de la suma desembolsada de los US\$ 500.000 asignados al Préstamo para capital operativo, según cual fuera menor, salvo que A.I.D. pueda acordar lo contrario por escrito.

SECCION 3.04. Fechas Límites para el Cumplimiento de las Condiciones Previas al Desembolso.

- (a) Si las condiciones especificadas en la Sección 3.01 no han sido cumplidas dentro de los sesenta (60) días siguientes a la firma de este Convenio, o una fecha posterior que A.I.D. convenga por escrito, A.I.D., a su opción, podrá terminar este Convenio mediante notificación escrita al Prestatario. Al recibo de tal notificación, este Convenio y todas las obligaciones de las partes que figuran bajo el mismo quedarán terminados.
- (b) Si las condiciones especificadas en la Sección 3.02 no fueran cumplidas dentro de los sesenta (60) días y las de la Sección 3.03 dentro de los ciento veinte (120) días siguientes a la firma de este Convenio o una fecha posterior que A.I.D. convenga por escrito, A.I.D., a su opción, podrá cancelar el saldo no desembolsado hasta ese momento del monto del Préstamo y/o terminar este Convenio mediante notificación escrita al Prestatario. En el caso de terminación, luego de la notificación, el Prestatario reembolsará inmediatamente el Principal pendiente en ese momento y pagará cualquier interés devengado, y al recibo de tales pagos en su totalidad, quedarán terminados este Convenio y todas las obligaciones de las partes del mismo.

SECCION 3.05. Notificación del Cumplimiento de las Condiciones Previas al Desembolso. A.I.D. notificará al Prestatario cuando A.I.D. lo determine que las condiciones previas al desembolso especificadas en las Secciones 3.01, 3.02 y 3.03, han sido cumplidas.

ARTICULO IV

Disposiciones y Garantías GeneralesSECCION 4.01. Ejecución del Proyecto.

- (a) El Prestatario llevará a cabo el Proyecto con la debida diligencia y eficacia, y de conformidad con prácticas financieras, administrativas, de ingeniería, construcción y de planeamiento aceptables. A este respecto, el Prestatario hará que se contrate consultores convenientemente calificados y experimentados y demás personal para el Proyecto.
- (b) El Prestatario hará que el Proyecto sea llevado a cabo de conformidad con todos los planos, especificaciones, contratos, programas y otras disposiciones, y con todas las modificaciones del Convenio, aprobados por A.I.D. conforme se especifica en este Convenio.

SECCION 4.02. Fondos y Otros Recursos a ser Proveídos por el Prestatario. El Prestatario proveerá tan pronto como sea necesario, todos los fondos, además del Préstamo, que sean necesarios para la realización puntual y efectiva del Proyecto.

SECCION 4.03. Cooperación Contínua. El Prestatario y A.I.D. cooperarán plenamente para asegurar que los propósitos del Préstamo sean cumplidos. A este efecto, el Prestatario y A.I.D., a pedido de cualquiera de las partes, cambiarán puntos de vista periódicamente, mediante sus representantes, con respecto al progreso del Proyecto, el cumplimiento por parte del Prestatario de sus obligaciones derivadas de este Convenio, el cumplimiento de los consultores, contratistas, y proveedores comprometidos en el Proyecto, y a otros asuntos relacionados con el Proyecto. Sin limitación a los precedentes, el Prestatario y A.I.D. llevarán a cabo una revisión anual del Proyecto durante el período de desembolso del Préstamo.

SECCION 4.04. Administración. El Prestatario hará que se proporcione una administración competente y experimentada para el Proyecto, aceptable a A.I.D., y hará que el personal que sea necesario se adiestre para llevar a cabo el Proyecto.

SECCION 4.05. Recargos Impositivos. Este Convenio, el Préstamo, y cualquier comprobante de deuda emitido en relación con éstos estarán exentos, y el Principal e intereses serán pagados sin deducciones y estarán exentos de cualquier impuesto o tarifa impuestos por las leyes en vigencia en el Paraguay. En el caso de que: (a) cualquier contratista, incluyendo cualquier firma consultora, cualquier personal de tal contratista financiado bajo el Préstamo, y cualquier propiedad o transacciones relacionadas con tales contratos, financiadas bajo el Préstamo y (b) cualquier transacción de adquisición de equipos financiado bajo el Préstamo, no estén exentas de impuestos identificables, tarifas, derechos u otros recargos impositivos, de acuerdo con las leyes vigentes en el Paraguay, el Prestatario deberá, en la forma y hasta donde esté prescripto en y de conformidad con Cartas de Ejecución, pagar o reembolsar los mismos de acuerdo a la Sección 4.02 de este Convenio con fondos que no sean los previstos por el Préstamo.

SECCION 4.06. Utilización de Bienes y Servicios.

- (a) Los bienes y servicios financiados bajo el Préstamo se usarán exclusivamente para el Proyecto, salvo que A.I.D. acuerde de otra forma por escrito. A la terminación del Proyecto, o cuando los bienes financiados bajo el Préstamo no puedan ser usados en forma útil para el Proyecto, el Prestatario podrá usar o disponer de los mismos en la forma en que A.I.D. acuerde por escrito antes de tal uso o disposición.
- (b) Ninguno de los bienes o servicios financiados bajo el Préstamo será usado para promover o ayudar a cualquier otro proyecto de ayuda extranjera, o actividad asociada con o financiada por algún país que no esté incluido en el Código 935 del Libro de Código Geográfico de A.I.D., en vigencia en el momento de tal utilización salvo de que A.I.D. acuerde de otra forma por escrito.

SECCION 4.07. Declaración de Datos Materiales y Circunstancias. El Prestatario manifiesta y garantiza que todos los hechos y circunstancias que ha declarado o ha hecho declarar a A.I.D. en el curso de la obtención del Préstamo son exactos y completos, y que ha declarado a A.I.D. exacta y totalmente todos los hechos y circunstancias que pudieran afectar materialmente al Proyecto y al cumplimiento de sus obligaciones bajo este Convenio. El Prestatario informará con prontitud a A.I.D. de cualquier hecho o circunstancia que pueda surgir en adelante y que pueda afectar materialmente al Proyecto o al cumplimiento de sus obligaciones bajo este Convenio.

SECCION 4.08. Comisiones, Honorarios y Otros Pagos.

- (a) El Prestatario garantiza y estipula que en relación con la obtención del Préstamo, o al tomar cualquier medida bajo el Convenio o con relación al mismo, no ha pagado y no pagará ni convendrá en pagar, ni tampoco según su entender se ha pagado, ni se pagará o convendrá en pagar por cualquier otra persona o entidad, comisiones, honorarios u otros pagos de cualquier índole, excepto como compensación regular a los funcionarios y empleados a tiempo completo del Prestatario o como compensación por servicios profesionales bona fide, técnicos o afines. El Prestatario informará con prontitud a A.I.D. sobre cualquier pago o acuerdo para pagar por tales servicios profesionales bona fide, técnicos o afines de los cuales participe o tenga conocimiento (indicando si tal pago ha sido hecho o ha de ser hecho sobre una base de contingencia), y si la suma de tal pago se considera irrazonable por parte de A.I.D., la misma será ajustada en forma satisfactoria a A.I.D.
- (b) El Prestatario garantiza y estipula no haber recibido ni que recibirá pago alguno, y que tampoco ninguno de sus funcionarios ha recibido ni recibirá pago alguno en relación con la adquisición de bienes y servicios financiados bajo el presente Convenio, con excepción de honorarios, impuestos o pagos similares legalmente establecidos en el Paraguay.

SECCION 4.09. Mantenimiento y Auditoría de Libros. El Prestatario mantendrá o hará mantener de acuerdo a los principios y prácticas de contabilidad reconocidas y empleadas apropiadamente, los libros y registros relacionados con el Proyecto y este Convenio. Dichos libros y registros deberán estar adecuados para indicar, sin restricciones:

- (a) el recibo y uso hecho de los bienes y servicios adquiridos con fondos desembolsados de conformidad con este Convenio;
- (b) la naturaleza y alcance de las solicitudes de presuntos proveedores de bienes y servicios adquiridos;
- (c) la base de adjudicación de contratos y órdenes a licitantes adjudicados; y
- (d) el progreso del Proyecto.

Tales libros y registros serán regularmente auditados de conformidad con las normas adecuadas de auditoría, por tal período y a tales intervalos como A.I.D. lo requiera, y se mantendrán por cinco años después de la fecha del último

desembolso por parte de A.I.D., o hasta que todas las sumas adeudadas a A.I.D. bajo este Convenio hayan sido pagadas, según cuál fecha llegue primero.

SECCION 4.10. Informes. El Prestatario conviene en proporcionar a A.I.D. las informaciones necesarias relacionadas con el Préstamo y el Proyecto que A.I.D. pueda razonablemente solicitar, incluyendo un informe sobre el progreso del Proyecto, a ser enviado por lo menos sobre una base trimestral, durante el período de desembolso del Préstamo.

SECCION 4.11. Inspecciones. Los representantes autorizados de A.I.D. podrán, en todo momento que sea razonable, inspeccionar el Proyecto, la utilización de todos los bienes y servicios financiados bajo el Préstamo como así también los libros, registros y otros documentos del Prestatario relacionados con el Proyecto y el Préstamo. El Prestatario cooperará con A.I.D. para facilitar tales inspecciones y permitirá a los representantes de A.I.D. visitar cualquier parte del Paraguay para cualquier propósito relacionado con el Préstamo.

ARTICULO V

Disposiciones y Garantías EspecialesSECCION 5.01. Disposiciones y Garantías Especiales.

- (a) Sin limitación con respecto a obligaciones de otra forma incurridas bajo este Convenio, el Prestatario por este medio dispone y garantiza específicamente dar los pasos necesarios que se indican a continuación:
- (i) El Prestatario subordinará sus reclamos contra el activo de UNIPACO de manera que UNIPACO pueda ofrecerlo como garantía a fin de obtener capital operativo adicional.
 - (ii) El Prestatario no requerirá hipotecas sobre bienes raíces para garantizar los subpréstamos hechos a CREDICOOP, que ya estuvieren garantizados con prendas sobre cultivos, sobre propiedades personales, y/o con codeudores suficientes para garantizar los mencionados subpréstamos.
 - (iii) El Prestatario, salvo que A.I.D. manifieste lo contrario por escrito, hará los desembolsos a CREDICOOP en base a planes de inversión anual preparados por CREDICOOP y aprobados por el Banco Nacional de Fomento, y permitirá a CREDICOOP que reutilice en subpréstamos los fondos de recuperaciones sin la aprobación del Prestatario; excepto que los fondos recuperados del Préstamo no serán utilizados para financiar la producción de bienes no elegibles para el financiamiento de A.I.D., y que el Prestatario se reservará el derecho de realizar auditorías periódicas de CREDICOOP a fin de asegurar que los fondos están siendo administrados apropiadamente.
 - (iv) El Prestatario, salvo que A.I.D. acuerde lo contrario por escrito, asegurará que UNIPACO tenga prioridad para prestar fondos para su capital operativo, por una suma igual a los fondos que CREDICOOP podría tener en depósito en una cuenta de ahorros que devengue intereses en el Banco Nacional de Fomento. Dicho fondo también estará a disposición de CREDICOOP cuando éste los necesite.

- (v) El Prestatario, salvo que A.I.D. acuerde lo contrario por escrito, proveerá los servicios del personal de extensión agrícola necesarios para prestar asistencia técnica adecuada a los agricultores miembros de las cooperativas de crédito de CREDICOOP.
- (vi) El Prestatario, salvo que A.I.D. acuerde lo contrario por escrito, hará todo lo posible para proporcionar créditos para la producción agrícola a través de CREDICOOP a la tasa de interés más favorable, para cubrir las necesidades de créditos de prestatarios agrícolas para bienes no elegibles para el financiamiento por parte de A.I.D. a las cooperativas rurales de ahorro y crédito afiliadas a CREDICOOP.
- (vii) El Prestatario, salvo que A.I.D. acuerde lo contrario por escrito, no solicitará desembolsos de A.I.D. antes de haber aprobado pedidos de desembolsos específicos de UNIPACO o CREDICOOP y una vez recibidos fondos de A.I.D., el Prestatario desembolsará o hará desembolsar tales fondos a UNIPACO o CREDICOOP dentro de los quince (15) días.

ARTICULO VI

Adquisiciones

SECCION 6.01. Adquisiciones Procedentes de Países Seleccionados del Mundo Libre. Los desembolsos efectuados conforme a la Sección 7.01, salvo que A.I.D. acuerde lo contrario por escrito, y salvo lo dispuesto en la subsección 6.08(c) respecto al seguro marítimo, serán utilizados exclusivamente para financiar las adquisiciones de bienes y servicios para el Proyecto, que sean de procedencia y tengan su origen en países incluidos en el Código 941 del Libro de Código Geográfico de A.I.D. en vigencia en el momento que se formulen los pedidos o se celebren los contratos para la adquisición de tales bienes y servicios. ("Bienes y Servicios Procedentes de Países Seleccionados del Mundo Libre"). Todos los embarques oceánicos financiados bajo el Préstamo tendrán su fuente y origen en países incluidos en el Código 941 del Libro de Código Geográfico de A.I.D. en vigencia en el momento del embarque.

SECCION 6.02. Adquisiciones del Paraguay. Los desembolsos realizados de conformidad con la Sección 7.02 serán usados exclusivamente para financiar las adquisiciones de bienes y servicios para el Proyecto que tengan su fuente y origen en el Paraguay.

SECCION 6.03. Fecha de Elegibilidad. No podrán finanziarse bienes o servicios bajo el Préstamo, salvo manifestación contraria por escrito de A.I.D., que sean adquiridos mediante pedidos hechos o contratos concertados con anterioridad a la fecha de este Convenio.

SECCION 6.04. Bienes y Servicios no Financiados bajo el Préstamo. Los bienes y servicios adquiridos para el Proyecto pero no financiados por el Préstamo tendrán su fuente y origen en los países incluidos en el Código 935 del Libro de Código Geográfico de A.I.D. en vigencia en el momento en que se formulen los pedidos para tales bienes y servicios.

SECCION 6.05. Cumplimiento con los Requisitos para Adquisiciones. Las definiciones aplicables a los requisitos de elegibilidad de las Secciones 6.01, 6.02, y 6.04 serán establecidas en detalle en las Cartas de Ejecución.

SECCION 6.06. Planos, Especificaciones y Contratos.

- (a) Salvo manifestación contraria por escrito de A.I.D., el Prestatario proveerá a A.I.D., tan pronto como estén preparados, todos los planos, especificaciones, programas, documentos de licitación y contratos u otras disposiciones relacionadas con el Proyecto y cualquier modificación pertinente, estén o no los bienes y servicios relacionados con los mismos financiados bajo el Préstamo.
- (b) Salvo manifestación contraria por escrito de A.I.D., todos los planos, especificaciones, y programas proporcionados de conformidad con la subsección (a) precedente deberán tener la aprobación escrita de A.I.D.
- (c) Salvo que A.I.D. especifique de otra forma, todos los documentos de licitación y documentos relacionados con las solicitudes de propuestas referentes a bienes y servicios financiados bajo el Préstamo, deberán tener la aprobación escrita de A.I.D. antes de su emisión. Dichos documentos deberán estar en términos de patrones y medidas de los Estados Unidos excepto que A.I.D. convenga de otra forma por escrito.
- (d) Salvo que A.I.D. acuerde de otra forma por escrito, los siguientes contratos financiados bajo el Préstamo deberán contar con la aprobación escrita de A.I.D. antes de su formalización:
 - (i) contratos por servicios de ingeniería, consultoría y otros de carácter profesional;
 - (ii) contratos por cualesquiera otros servicios que A.I.D. pueda especificar; y
 - (iii) contratos por tales equipos y materiales que A.I.D. pueda especificar.

En el caso de cualquiera de los contratos por servicios citados, A.I.D. deberá también aprobar por escrito al contratista y a cualquier personal del contratista que A.I.D. pueda especificar. Las modificaciones importantes en cualquiera de dichos contratos, y los cambios de tal personal, serán también aprobados por A.I.D. por escrito antes de supuesta en vigencia.

- (e) Las firmas consultoras u otra asistencia técnica utilizada por el Prestatario para el Proyecto, pero no financiadas con el Préstamo, así como también el alcance de sus servicios y los de su personal asignado al Proyecto, tal como A.I.D. pueda especificar, estarán sujetos a la aprobación por escrito de A.I.D.

SECCION 6.07. Precios Razonables. No se pagará más que un precio razonable por cualquiera de los bienes y servicios financiados en su totalidad o en parte por el Préstamo, de acuerdo a la descripción más detallada en las Cartas de Ejecución. Tales artículos serán adquiridos sobre una base justa, y, salvo los servicios profesionales, en base a un precio competitivo de acuerdo con los procedimientos señalados al efecto en las Cartas de Ejecución.

SECCION 6.08. Embarque y Seguro.

- (a) Los bienes que pueden ser adquiridos en países seleccionados del Mundo Libre, financiados bajo el Préstamo, serán transportados al Paraguay en barcos de pabellón de cualquier país incluido en el Código 935 del Libro de Código Geográfico de A.I.D. en vigencia en el momento del embarque.
- (b) Por lo menos el cincuenta porciento (50%) del tonelaje bruto de todos los bienes adquiridos en países seleccionados del Mundo Libre y financiados bajo el Préstamo (calculado separadamente para cargueros, buques de carga en general y buques tanque) a ser cargado en buques trans-oceánicos, deberá ser transportado en buques comerciales de pabellón estadounidense pertenecientes a compañías privadas, a menos que A.I.D. determine que tales buques no estarán disponibles a tarifas razonables y justas para los buques comerciales de pabellón estadounidense. Además, por lo menos el cincuenta porciento (50%) de los ingresos en bruto procedentes de fletes generados por todos los embarques financiados bajo el Préstamo y transportados en buques cargueros serán pagados a/o en favor de buques comerciales de pabellón estadounidense pertenecientes a compañías privadas, salvo que A.I.D. determine que tales buques no se encuentran disponibles a tarifas justas y razonables para buques comerciales de pabellón estadounidense. No podrán transportarse tales bienes en ningún buque o avión: (i) que A.I.D., mediante notificación al Prestatario, haya

declarado inelegible para transportar bienes financiados por A.I.D., o (ii) que hayan sido fletados para el transporte de bienes financiados por A.I.D., a menos que tal fletamiento haya sido aprobado por A.I.D.

- (c) El seguro marítimo de bienes adquiridos de países seleccionados del Mundo Libre podrá ser financiado bajo el Préstamo con desembolsos realizados de conformidad con la Sección 7.01 siempre que (i) tal seguro se contrate en base a la tarifa más baja disponible en el Paraguay o en un país incluido en el Código 941 del Libro de Código Geográfico de A.I.D. en vigencia en el momento de contratarlo, y (ii) los reclamos derivados de este seguro sean pagaderos en moneda libremente convertible. Si en relación con la contratación del seguro marítimo sobre embarques financiados bajo la legislación de los Estados Unidos que autoriza la ayuda a otras naciones, el Paraguay, por estatuto, decreto, reglas o reglamentaciones, favorece a cualquier compañía de seguro marítimo de cualquier país, sobre cualquier compañía de seguro marítimo autorizada a realizar negocios en cualquier estado de los Estados Unidos de América, los bienes adquiridos en países seleccionados del Mundo Libre, financiados bajo el Préstamo, estarán, durante la continuación de tal discriminación, asegurados contra riesgos marítimos en los Estados Unidos de América con una compañía o compañías autorizada(s) a realizar seguros marítimos en cualquier estado de los Estados Unidos de América.
- (d) El Prestatario asegurará o hará asegurar todos los bienes adquiridos en países seleccionados del Mundo Libre y financiados bajo el Préstamo contra riesgos inherentes a su traslado hasta el lugar de la utilización del Proyecto. Tal seguro se formulará en base a los términos y condiciones concordantes con sólidas prácticas comerciales, asegurará la totalidad del valor de los bienes y será pagadero en la moneda en la cual tales bienes fueron financiados o en cualquier moneda libremente convertible. Cualquier indemnización recibida por el Prestatario bajo dicho seguro será usada para sustituir o reparar cualquier daño material o cualquier pérdida de los bienes asegurados o será utilizada para reembolsar al Prestatario por la sustitución o reparación de tales bienes. Cualquiera de tales sustituciones tendrá su fuente

y origen en países incluidos en el Código 941 del Libro de Código Geográfico de A.I.D., en vigencia en el momento en que se formuló el pedido o contratos para tales sustituciones, y estará, por lo demás, sujeto a las disposiciones de este Convenio.

SECCION 6.09. Notificación a Proveedores Potenciales. A fin de que todas las firmas estadounidenses tengan la oportunidad de participar en la provisión de bienes y servicios a ser financiados con el Préstamo, el Prestatario conviene en proporcionar a A.I.D la información que corresponda, y en el momento en que A.I.D. la solicita en las Cartas de Ejecución.

SECCION 6.10. Bienes Excedentes de Propiedad del Gobierno de los Estados Unidos de América. El Prestatario utilizará, con respecto a los bienes financiados bajo el Préstamo, que pasen a ser propiedad del Prestatario en el momento de la adquisición, tales Bienes Excedentes reacondicionados de propiedad del Gobierno de los Estados Unidos de América, que conformen con los requisitos del Proyecto y que estén disponibles dentro de un período razonable de tiempo. El Prestatario buscará la asistencia de A.I.D. y A.I.D. asistirá al Prestatario en la verificación de la disponibilidad y obtención de tal Propiedad Excedente. A.I.D. tomará las medidas pertinentes para cualquier inspección necesaria de dicha propiedad por parte del Prestatario o su representante. Los costos de inspección y adquisición y todos los gastos afines a la transferencia de tal Propiedad Excedente a favor del Prestatario, podrán ser financiados por el Préstamo. Antes de la adquisición de cualquier clase de bienes, fuera de Propiedad Excedente, financiada bajo el Préstamo y después de haber buscado tal asistencia de A.I.D., el Prestatario indicará a A.I.D. por escrito, sobre la base de información disponible en ese momento sobre el particular, que tales bienes no pueden adquirirse de los Bienes Excedentes reacondicionados de propiedad del Gobierno de los Estados Unidos a su debido tiempo, o que los bienes que pueden proveerse no son técnicamente adecuados para ser usados en el Proyecto.

SECCION 6.11. Información y Marcación. El Prestatario deberá dar publicidad al Préstamo y al Proyecto como un programa de ayuda de los Estados Unidos de América en apoyo de la Alianza para el Progreso y marcará los bienes financiados con el Préstamo, conforme se indique en las Cartas de Ejecución.

ARTICULO VII

Desembolsos

SECCION 7.01. Desembolsos por los Costos en Dólares Estadounidenses-Cartas de Compromiso a los Bancos de los Estados Unidos. Al aprobarse las condiciones previas el Prestatario podrá, periódicamente, pedir a A.I.D. la emisión de Cartas de Compromiso por sumas específicas a uno o más bancos de los Estados Unidos, satisfactorios a A.I.D., comprometiéndose A.I.D. a reembolsar al banco o bancos por los pagos hechos por ellos a los contratistas o proveedores, mediante el uso de Cartas de Crédito u otras formas, por los gastos en Dólares de bienes y servicios adquiridos para el Proyecto de conformidad con los términos y condiciones de este Convenio. El pago por un banco a un contratista o proveedor será hecho por el banco contra presentación de los documentos necesarios que A.I.D. indique en las Cartas de Compromiso y Cartas de Ejecución. Los gastos bancarios contraídos en relación con las Cartas de Compromiso y las Cartas de Crédito serán cargados a la cuenta del Prestatario y podrán ser financiados bajo el Préstamo.

SECCION 7.02. Desembolsos por los Costos en Moneda Local. Al cumplimiento de las condiciones previas, el Prestatario podrá, periódicamente, solicitar desembolsos por parte de A.I.D. en moneda local para costos en moneda local de bienes y servicios adquiridos para el Proyecto, de conformidad con los términos y condiciones de este Convenio, mediante la remisión a A.I.D. de los documentos y comprobantes que A.I.D. indique en las Cartas de Ejecución. A.I.D. hará tales desembolsos en la moneda local del Paraguay que el Gobierno de los Estados Unidos de América posea a su favor y que han sido obtenidos por A.I.D. con Dólares de los Estados Unidos de América. El total en Dólares de los Estados Unidos del monto del préstamo desembolsado de acuerdo con esta Sección será el equivalente a los desembolsos en moneda local en Dólares de los Estados Unidos calculado al tipo de cambio establecido por el Gobierno del Paraguay para transacciones oficiales, vigente a la fecha de cada desembolso respectivo, como se define en la Sección 7.04(b).

SECCION 7.03. Otras Formas de Desembolso. Los desembolsos del Préstamo podrán también ser hechos mediante otros medios que el Prestatario y A.I.D. acuerden por escrito.

SECCION 7.04. Procedimientos para y Fecha de Desembolso. Los desembolsos de A.I.D. serán considerados como realizados, (a) en el caso de desembolsos

de acuerdo a la Sección 7.01, en la fecha en que A.I.D. hace los desembolsos al Prestatario, a su representante, o a una institución bancaria de acuerdo a una Carta de Compromiso, y (b) en el caso de desembolsos de acuerdo a la Sección 7.02, en la fecha en que A.I.D. desembolsa la moneda local al Pres-tatario o a su representante.

SECCION 7.05. Fecha Límite para el Desembolso. Salvo manifestación contraria por escrito de A.I.D., ninguna Carta de Compromiso, u otros documentos de compromiso, que sean requeridos por otra forma de desembolso de acuerdo a la Sección 7.03, o enmienda de las mismas, será emitida contra la documentación recibida por A.I.D. después de los cuarenta y dos meses de la fecha de este Convenio y ningún desembolso será efectuado contra la documentación recibida por A.I.D. o cualquier banco descripto en la Sección 7.01 después de cuarenta y ocho meses de la fecha de este Convenio. A.I.D., a su opción, podrá en cualquier momento o momentos reducir el Préstamo en su totalidad o par-cialmente, o en aquellas partes del mismo cuya documentación no haya sido recibida para tal fecha.

ARTICULO VIII

Cancelación y Suspensión

SECCION 8.01. Cancelación por el Prestatario. El Prestatario podrá, previo consentimiento por escrito de A.I.D., cancelar cualquier parte del Préstamo (i) que, con anterioridad a tal notificación, A.I.D. no haya desembolsado o comprometido para su desembolso, o (ii) que no haya sido utilizada mediante la apertura de Cartas de Crédito Irrevocable o mediante pagos bancarios realizados por medios distintos a las Cartas de Crédito Irrevocable.

SECCION 8.02. Casos de Incumplimiento: Aceleración. Si ocurrieran una o más de las siguientes situaciones ("Casos de Incumplimiento"):

- (a) El Prestatario dejara de pagar a su vencimiento cualquier interés o cuota del Principal requerido por este Convenio;
- (b) El Prestatario dejara de cumplir con cualquier otra disposición de este Convenio, incluyendo, aunque no limitado a ello, la obligación de realizar el Proyecto con la debida diligencia y eficiencia; y
- (c) El Prestatario dejara de pagar, a su vencimiento, cualquier interés o cualquier cuota del Principal o cualquier otro pago requerido por cualquier otro convenio de préstamo, cualquier convenio de garantía, o cualquier otro convenio entre el Prestatario o cualquiera de sus instituciones y A.I.D., o cualquiera de sus agencias predecesoras;

entonces, A.I.D., a su opción, podrá notificar al Prestatario que todo o cualquier porción del Principal no reembolsado quedará vencido y será pagadero dentro de los sesenta (60) días a partir de la fecha de dicha notificación, y, a menos que sea solucionado el Caso de Incumplimiento dentro de estos sesenta (60) días:

- (i) la suma del Principal no reembolsada y cualquier interés devengado quedarán vencidos y serán pagaderos inmediatamente; y
- (ii) la suma de cualquier otro desembolso efectuado mediante las entonces pendientes Cartas de Crédito Irrevocable u otros medios, quedará vencida y será pagadera en el momento de efectuarse.

SECCION 8.03. Suspensión de Desembolsos. En el caso de que en cualquier momento:

- (a) haya ocurrido un Caso de Incumplimiento;
- (b) ocurra un caso que A.I.D. determine ser una situación extraordinaria que hace improbable el logro de los objetivos del Préstamo o que el Prestatario pueda cumplir con sus obligaciones de acuerdo a este Convenio; o
- (c) cualquier desembolso por A.I.D. estuviera en violación de la legislación que rige a A.I.D.;

entonces, A.I.D., a su opción, podrá:

- (i) suspender o cancelar los documentos de compromiso pendientes hasta donde no hubieran sido utilizados mediante la apertura de Cartas de Crédito Irrevocable o mediante pagos bancarios efectuados por otros medios, en cuyo caso A.I.D. notificará al Prestatario inmediatamente;
- (ii) rehusar hacer desembolsos que no fueran por medio de los documentos de compromiso pendientes;
- (iii) rehusar emitir documentos de compromiso adicionales;
- (iv) hacer que el título de los bienes financiados bajo el Préstamo sea transferido a A.I.D. con cargo a ésta, si los bienes proceden de una fuente fuera del Paraguay, están en condiciones de entrega, y no han sido descargados en puertos de entrada del Paraguay. Cualquier desembolso efectuado o a ser efectuado bajo el Préstamo con respecto a tales bienes transferidos será deducido del Principal.

SECCION 8.04. Cancelación por parte de A.I.D. A raíz de cualquier suspensión de desembolsos conforme a la Sección 8.03, si la causa o causas de tal suspensión de desembolso no hubieran sido eliminadas o corregidas dentro de los sesenta (60) días a partir de la fecha de tal suspensión, A.I.D. podrá, a su opción, cancelar en cualquier momento o momentos, después de ese período, la totalidad o cualquier porción del Préstamo que para entonces no esté desembolsado o sujeto a Cartas de Crédito Irrevocable.

SECCION 8.05. Efectividad Continuada del Convenio. A pesar de cualquier cancelación, suspensión de desembolso, o aceleración de reembolso, las disposiciones de este Convenio continuarán en plena vigencia y vigor hasta efectuada la totalidad del pago de todo el Principal y cualquiera de los intereses devengados mediante este Convenio.

SECCION 8.06. Reembolsos.

- (a) En el caso de cualquier desembolso de los fondos recibidos en virtud de este Convenio, no respaldado por documentación válida de acuerdo con los términos de este Convenio, o de cualquier desembolso no efectuado o utilizado de conformidad con los términos de este Convenio, A.I.D. no obstante la disponibilidad o ejercicio de cualquiera de los otros recursos dispuestos bajo este Convenio, podrá requerir al Prestatario el reembolso a A.I.D. de tal importe en Dólares de los Estados Unidos de América o en moneda local, como A.I.D. lo especifique, dentro de los treinta (30) días a partir del recibo de la solicitud correspondiente. Tal suma se destinará primero al costo de los bienes y servicios adquiridos para el presente Proyecto, hasta el límite justificado; el saldo, si lo hubiera, será aplicado a las cuotas del Principal en el orden inverso a su vencimiento efectuando de ese modo una reducción del Préstamo por el monto de tal saldo. A pesar de cualquier otra disposición de este Convenio, el derecho de A.I.D. de requerir el reembolso de cualquier desembolso bajo el Préstamo, continuará por cinco (5) años a partir de la fecha de tal desembolso.
- (b) En el caso de recibir A.I.D. un reembolso de cualquier contratista, proveedor o institución bancaria, o de otras terceras partes relacionadas con el Préstamo con respecto a bienes o servicios financiados por el Préstamo, y tal reembolso se relaciona con un precio irrazonable por bienes o servicios o por bienes que no conforman con las especificaciones o servicios que resultaren inadecuados, A.I.D. dispondrá primeramente el

reembolso por los costos de bienes y servicios adquiridos para este Proyecto, hasta un límite justificado, y el saldo será aplicado a las cuotas del Principal en el orden inverso a su vencimiento, efectuando de esta forma una reducción del Préstamo por el monto de tal saldo.

SECCION 8.07. Gastos de Cobranza. Todos los gastos razonables ocasionados por A.I.D., que no sean los salarios de su personal, en relación con el cobro de cualquiera de los reembolsos o con las sumas adeudadas a A.I.D. por motivos de ocurrir cualquiera de los casos especificados en la Sección 8.02, podrán ser cargados al Prestatario y serán reembolsados a A.I.D. por el Prestatario en la forma en que A.I.D. lo especifique.

SECCION 8.08. No Renunciamiento de Recursos. Ninguna demora razonable en el ejercicio u omisión de ejercer cualquier derecho, poder o recurso otorgados a A.I.D. bajo este Convenio, será considerada como un renunciamiento a tales derechos, poderes o recursos.

ARTICULO IX

Miscelánea

SECCION 9.01. Comunicaciones. Cualquier notificación, pedido, documento u otra comunicación dada, efectuada o enviada por el Prestatario, o A.I.D. de conformidad con este Convenio, será formulada por escrito o por telegrama, cable, o radiograma, y será considerada como debidamente dada, efectuada o enviada a la parte a quien va dirigida cuando sea entregada en tal parte, en propias manos, o por correo, telegrama, cable o radiograma en las siguientes direcciones:

AL PRESTATARIO:

Para asuntos relacionados con el servicio del préstamo

Dirección Postal: Ministerio de Hacienda
Asunción, Paraguay

Dirección Cablegráfica: MINHACIENDA
Asunción, Paraguay

Para asuntos relacionados con la ejecución del Proyecto

En lo que corresponde al MAG

Dirección Postal: Ministerio de Agricultura (MAG)
Asunción, Paraguay

Dirección Cablegráfica: MINAGRICULTURA
Asunción, Paraguay

En lo que corresponde al BNF

Dirección Postal: Banco Nacional de Fomento del
Paraguay
Asunción, Paraguay

Dirección Cablegráfica: PYTIBO
Asunción, Paraguay

A A.I.D.:

Dirección Postal:

Misión Económica de los Estados
Unidos de América en el
Paraguay
Asunción, Paraguay

Dirección Cablegráfica:

USAID/Paraguay
Asunción, Paraguay

Podrán substituirse las precedentes direcciones por otras después de la debida notificación. Todas las notificaciones, pedidos, comunicaciones y documentos remitidos a A.I.D. bajo este Convenio serán hechos en idioma Inglés, salvo que A.I.D. convenga lo contrario por escrito.

SECCION 9.02. Representantes. Para todos los fines relacionados con este Convenio, el Prestatario estará representado por la persona en funciones o interinando en la sede del Ministro de Hacienda y la A.I.D. estará representada por la persona en funciones o interinando el cargo de Director de la Misión Económica de los Estados Unidos de América en el Paraguay. Tales personas tendrán la autoridad para designar, mediante notificación escrita, representantes adicionales. En caso de cualquier reemplazo u otro nombramiento de un representante bajo este Convenio, el Prestatario remitirá una notificación con el nombre del representante y un espécimen de su firma en forma y substancia satisfactorias a A.I.D. Hasta recibir A.I.D. la nota de revocación por escrito de la autoridad de cualquiera de los representantes debidamente autorizados del Prestatario, nombrados conforme a esta Sección, podrá aceptar la firma de cualquier tal representante o representantes sobre cualquier instrumento como evidencia concluyente de que cualquier acción efectuada por tal instrumento está debidamente autorizada.

SECCION 9.03. Cartas de Ejecución. A.I.D. emitirá periódicamente Cartas de Ejecución que indicarán los procedimientos aplicables en relación con el cumplimiento de este Convenio.

SECCION 9.04. Pagarés. En la oportunidad u oportunidades en que A.I.D. lo solicite, el Prestatario librará pagarés u otros comprobantes de deuda por el Préstamo, en tal forma, conteniendo tales términos, y apoyados por tales dictámenes legales como A.I.D. razonablemente solicite.

SECCION 9.05. CANCELACION MEDIANTE PAGO TOTAL. Al hacerse el pago total del Principal y de los intereses devengados, este Convenio y todas las obligaciones del Prestatario y A.I.D. bajo este Convenio quedarán cancelados.

SECCION 9.06. Diferencias de Interpretación. La versión del idioma Inglés de este Convenio será usada para resolver diferencias de interpretación entre la versión en Inglés y la versión en Español.

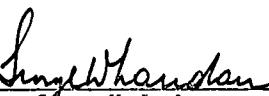
EN FE DE LO CUAL, EL PRESTATARIO Y LOS ESTADOS UNIDOS DE AMERICA, mediante sus representantes respectivos debidamente autorizados, celebran este Convenio a ser firmado en su nombre, el 30 JUN. 1975

POR EL GOBIERNO DE LA REPUBLICA
DEL PARAGUAY

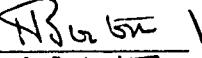
POR EL GOBIERNO DE LOS ESTADOS
UNIDOS DE AMERICA


César Barrientos

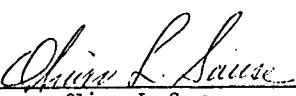
Ministro de Hacienda


George W. Landau

EmbaJador


Hernando Bertoni

Ministro de Agricultura


Oliver L. Sause

Director, Misión Económica de los
Estados Unidos de América en el
Paraguay

A N E X O IEL PROYECTOA. RESUMEN

La meta del proyecto es la de aumentar la productividad y el ingreso de los agricultores paraguayos que cultivan menos de 20 hectáreas de tierra. Las operaciones de CREDICOOP y UNIPACO son complementarias y apoyan esta meta. Aunque estas dos beneficiarias del préstamo al Prestatario continuarán necesitando asistencia en forma de donaciones durante la fase de ejecución del proyecto, los beneficios financieros resultantes de este préstamo permitirán eliminar las donaciones en un periodo de cuatro años.

Se establecerán cooperativas de crédito en 40 comunidades rurales de 10.000 habitantes y con más de este número; en consecuencia, las cooperativas podrán eventualmente beneficiar a todos los pequeños agricultores localizados en una población rural de 400.000 personas, a pesar de que las cooperativas de crédito estarán sirviendo a un número estimado de 13.500 agricultores y a otros 4.500 pobladores rurales para cuando termine el proyecto en 1979. (La población rural total del Paraguay es de alrededor de 1.500.000 personas). Además, a medida que se vayan consolidando, las cooperativas tienen planeado abrir sucursales en comunidades rurales tan pequeñas como de 3.000 habitantes.

A la finalización del proyecto, UNIPACO planea tener 12.000 miembros y la capacidad de servir a 20.000 pequeños agricultores. Teniendo en cuenta que UNIPACO obtiene beneficios financieros sobre cada unidad de producto o insumo agrícola que administra, la provisión de servicios a grupos que aún no son miembros no afecta negativamente sus posibles utilidades. Por esta razón, UNIPACO pudo comercializar productos en formas lucrativa para alrededor de 6.000 pequeños agricultores en 1973, a pesar de que el número de sus miembros era de alrededor de 2.000. Considerando que en el futuro UNIPACO distribuirá sus dividendos solamente a los miembros, habrá un incentivo para que los agricultores quieran unirse a cooperativas de mercadeo tan pronto como éstas les ofrezcan sus servicios.

Como se mencionó anteriormente, el préstamo financiará una parte importante de un programa integrado que proveerá crédito, asistencia técnica y servicio de mercadeo a los pequeños agricultores paraguayos. El programa total consta de cinco componentes: (a) asistencia técnica a UNIPACO y CREDICOOP para fortalecer la organización de estas dos nuevas instituciones y sus cooperativas; (b) asistencia técnica al pequeño agricultor para proporcionarle nueva tecnología agrícola y para demostrarle cómo seleccionar y clasificar su producción; (c) instalaciones y equipos requeridos por UNIPACO para el mercadeo de los productos de los pequeños agricultores y para proveerlos de insumos agrícolas; (d) crédito y (e) capital operativo para UNIPACO. El primer componente será financiado por un proyecto de donación de A.I.D., (b) será financiado conjuntamente por el Ministerio de Agricultura (MAG), CREDICOOP, UNIPACO, y sus cooperativas, y los componentes (c), (d) y (e) serán financiados por el préstamo.

B. DESARROLLO INSTITUCIONAL

El propósito de este proyecto es el de desarrollar, consolidar e institucionalizar las dos centrales cooperativas a nivel nacional que proporcionan servicios a los pequeños agricultores paraguayos. CREDICOOP, una cooperativa central de crédito, y UNIPACO, una cooperativa central de mercadeo, son relativamente nuevas y utilizarán los fondos del préstamo de A.I.D. para mejorar su base financiera a fin de poder multiplicar el número de cooperativas que sirvan al pequeño agricultor. Para ayudar a UNIPACO y CREDICOOP a que mejoren su base financiera, el Prestatario por medio de un fideicomiso con el Banco Nacional de Fomento (BNF) facilitará los fondos a la misma tasa de interés recibida por el Prestatario. Las disposiciones para la amortización serán diferentes para UNIPACO, como se indica más abajo.

Cada Central será responsable individualmente por la amortización de su principal e intereses al BNF. CREDICOOP amortizará su préstamo al Prestatario en un plazo de cuarenta (40) años conforme al programa de amortización del prestador, el cual incluirá un periodo de gracia de diez (10) años para la amortización del principal. UNIPACO, por otra parte, amortizará su préstamo en un periodo de veinte (20) años, de conformidad con un programa de amortización a ser preparado por el Prestatario, que incluirá un periodo de gracia de cinco (5) años para la amortización del principal. La diferencia resultante en fondos estará disponible para que el Prestatario financie préstamos al sector agrícola.

El establecimiento del sistema de cooperativa de crédito en el Paraguay ha permitido que el Prestatario sirviera a los pequeños agricultores de una manera efectiva. El procedimiento empleado para otorgar créditos a los pequeños agricultores comienza con la asistencia de CREDICOOP a las cooperativas de crédito para preparar un plan de inversión anual para cada agricultor. Estos planes, a su vez, se integran con lo que ha dado en llamarse "el plan global de inversión" anual de las cooperativas de crédito. CREDICOOP presenta para la aprobación del BNF un plan de inversión global para cada cooperativa de crédito. El BNF desembolsa los fondos directamente a la cooperativa de crédito conforme al plan, una vez que éste ha sido aprobado.

El procedimiento empleado para entregar desembolsos del préstamo a los pequeños agricultores será similar. Las cooperativas de crédito seguirán preparando planes globales de inversión y los enviarán a CREDICOOP. Sin embargo, dichos planes no serán presentados separadamente al BNF. Más bien CREDICOOP los fusionará en un pedido de crédito general para todas las cooperativas de crédito antes de enviárselos al BNF. El BNF revisará el pedido de crédito y aprobará los desembolsos del préstamo únicamente para proyectos financieramente seguros que contengan productos elegibles para el

financiamiento por parte de A.I.D. Entonces, el BNF, después de aprobar la solicitud, hará los desembolsos del préstamo a CREDICOOP y CREDICOOP será la responsable de otorgar los subpréstamos a las cooperativas de crédito. CREDICOOP facilitará el dinero directamente a las cooperativas, o indirectamente por medio de las sucursales del BNF, o en forma de insumos, según lo que fuera más apropiado.

CREDICOOP, con este préstamo y la asistencia técnica proporcionada por A.I.D. y el Prestatario se convertirá en una institución financiera especializada en el préstamo a los pequeños agricultores. Para lograr este objetivo, debe comenzar a tomar las decisiones finales respecto a los préstamos que otorgará. Por lo tanto, un procedimiento de préstamo diferente, que aumente la responsabilidad de CREDICOOP será empleado con respecto al uso de las recuperaciones de los subpréstamos financiados por este Convenio. CREDICOOP estará autorizada a subprestar los fondos de recuperación de subpréstamos financiados por el Convenio sin necesidad de contar con la aprobación del BNF, en tanto que la aprobación del BNF será necesaria para los subpréstamos financiados con desembolsos del préstamo. Sin embargo, los subpréstamos financiados con estas recuperaciones serán analizados por consultores que serán puestos a disposición de CREDICOOP durante el período de desembolso del préstamo. Además, el Prestatario tendrá el derecho de realizar auditorías periódicas de CREDICOOP para asegurarse de que estos fondos están siendo administrados satisfactoriamente y que no están financiando productos no elegibles a A.I.D. Tales productos, no comestibles, son dos, algodón y tabaco y cuya producción se considera en exceso en el mundo.

Los fondos del préstamo para UNIPACO serán usados para financiar capital operativo y para adquirir las instalaciones y equipos que son imprescindibles para sus operaciones. Estos incluirán un elevador de granos, y depósito, instalaciones para exportación de granos (unidad para carga de barcazas) y una fábrica de alimentos balanceados. UNIPACO necesita contar con estas instalaciones y con los equipos que actualmente alquila de los competidores, para llevar a cabo sus actividades. Dos tipos de costos serán financiados con los fondos de UNIPACO para la adquisición de tales instalaciones y equipos: los costos del diseño final y del estudio de ubicación de instalaciones y equipos y los costos de los mismos. UNIPACO contará con la suma de US\$500,000 del préstamo para ayudarle en el financiamiento de las necesidades a corto plazo de su capital operativo para el mercadeo de los bienes elegibles para el financiamiento de A.I.D.

Los desembolsos del préstamo para UNIPACO serán efectuados contra presentación de la documentación a ser acordada en una fecha posterior por el BNF y A.I.D.

C. PLAN FINANCIERO**Total de Fondos del Proyecto**
(AC 1975 - 1979)**(1) Préstamo A.I.D.**

a. Crédito	CREDICOOP	US\$3,000,000
b. Capital Operativo	UNIPACO	500,000
c. Instalaciones y Equipos	UNIPACO	1,200,000
		<u>US\$4,700,000</u>
		=====

(2) Donación A.I.D. a UNIPACO

a. Asesores Contratados por A.I.D.	US\$ 284,500
b. Adiestramiento de Participantes	12,000
c. Bienes	100,000
d. Otros (incluyendo fondos para presupuesto)	146,000
	<u>US\$ 542,500</u>
	=====

(3) Donación A.I.D. a CREDICOOP

a. Asesores Contratados por A.I.D.	US\$ 298,000
b. Adiestramiento de Participantes	42,000
c. Bienes	61,000
d. Otros (incluyendo fondos para presupuesto)	287,000
	<u>US\$ 688,000</u>

TOTAL A.I.D. US\$5,930,500

(4) Contribución del Gobierno del Paraguay (GDP)

a. Servicios de Extensión	US\$ 214,500
b. Promoción de Cooperativas	4,000
c. Asesor en Créditos	12,600
d. Préstamos del BNF	2,274,400
e. Costos Administrativos del BNF	94,000
f. Fondos para el Presupuesto	40,000
	<u>US\$2,639,500</u>

(5) Sistema de CREDICOOP

A. CREDICOOP

1. Gastos de Operación	US\$ 243.900
2. Utilidades no Distribuidas	17.000

B. Cooperativas de Crédito (Rurales)

1. Ahorros de los Miembros	US\$1.325.900
2. Gastos de Operación	<u>504.000</u>
	<u>US\$2.090.800</u>

(6) Sistema de UNIPACO

A. UNIPACO

1. Utilidades Netas no Distribuidas	US\$ 580.900
2. Gastos de Operación	1.422.600

B. Cooperativas Miembros de UNIPACO
(Gastos de Operación)

	340.000
	<u>US\$2.343.500</u>

[AMENDING AGREEMENT]

A.I.D. Loan No. 526-T-027

**ALLIANCE FOR PROGRESS
AMENDMENT TO
LOAN AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY
AND
THE UNITED STATES OF AMERICA
FOR
SMALL FARMER DEVELOPMENT**

Dated: 7 DECEMBER 1976

TIAS 8665

WHEREAS, a Loan Agreement dated June 30, 1975, was entered into between the GOVERNMENT OF THE REPUBLIC OF PARAGUAY ("Borrower") and THE UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D."),

WHEREAS, it is provided in said Loan Agreement that a part of the loan may be cancelled under circumstances described therein upon agreement of the parties or if it becomes improbable that an objective of the Loan can be attained (see Sections 8.01 and 8.03), and

WHEREAS, the Borrower and A.I.D. wish to reduce the amount of the Loan and, in view of said reduction, effect certain changes in the Project being financed thereunder,

THE PARTIES HEREBY amend and modify said Loan Agreement as follows:

I. Article I is amended as follows:

a. SECTION 1.01 is modified by deleting therefrom the words and figures "four million seven hundred thousand United States dollars (\$4,700,000)" and inserting in their place the words and figures "three million United States dollars (\$3,000,000)".

b. SECTION 1.02 is deleted in its entirety and the following inserted in its place:

"SECTION 1.02. The Project. The Loan will finance an essential part of an integrated program to provide credit, technical assistance and marketing services to small-scale Paraguayan farmers. Specifically the loan will provide credit resources in the amount of \$3,000,000 to Paraguayan small farmers through the Central Cooperativa Nacional de Ahorro y Crédito ('CREDICOOP').

"The total Project will consist of two other elements: (i) technical assistance to CREDICOOP to strengthen this institution and its cooperatives organizationally. This element will be financed by an A.I.D. grant project; and (ii) technical assistance to the small farmer to provide him with new farming technology and to introduce him to the grading and classifying of his production. This element will be financed by the Ministry of Agriculture and the credit unions.

"The Project is more fully described in 'Annex I-Modified' attached hereto. Said Annex may be modified in writing by mutual agreement of the parties."

2. ARTICLE III is amended as follows:

a. SECTION 3.02 is deleted in its entirety and the following inserted in its place:

"SECTION 3.02. Conditions Precedent to Disbursements for Credit Program. Prior to any disbursement or the issuance of any commit-

ment documents for credit under the Loan, Borrower shall submit to A.I.D., or cause to be submitted to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A signed agreement providing for the National Development Bank to act as Borrower's agent for the Loan;
- (b) A signed agreement (or agreements) between the Borrower and CREDICOOP setting forth the terms and conditions under which Loan funds are to be relent to CREDICOOP, including provisions that:
 - (i) Relate to interest, repayment and other basic terms;
 - (ii) CREDICOOP will undertake a management upgrading program and offer qualified credit union managers to member cooperatives on a contract basis;
 - (iii) CREDICOOP will lend only to credit unions having full-time, qualified managers;
 - (iv) CREDICOOP will participate in a joint annual evaluation of the Project by the Borrower, CREDICOOP and A.I.D.;
 - (v) CREDICOOP, starting twelve months after the first disbursement to it of Loan funds, will make no loan of such funds to any cooperative having more than the equivalent of \$30,000 in total assets unless such cooperative has been audited within twelve months before such loan;
 - (vi) Loan funds and funds relent from the repayments thereof (continuing roll-overs) shall be limited to the production and marketing of commodities eligible for A.I.D. financing (see 'Annex I-Modified');
 - (vii) CREDICOOP shall meet stated capitalization requirements and implement stated policies designed to attain said requirements;
 - (viii) Describe Borrower's and CREDICOOP's mutual goals and purposes, the policies designed to implement them, and verifiable performance indicators designed with particular emphasis upon the implementation of the policies designed to reach farmers with land holdings of less than twenty (20) hectares with special emphasis on farmers with less than five (5) hectares;
 - (ix) Set forth limitations on the financing of annual crops to a fixed percentage of expected value of the harvested crop with said percentage to be approved by A.I.D. in writing prior to commencement of lending operations for each crop year during the first five years after initial disbursement under the Loan; and

- (x) Require CREDICOOP to require all borrowing cooperatives and employees thereof having access to funds of any such cooperatives to be covered by adequate fidelity bonding if available.
- (c) A marketing services plan demonstrating that CREDICOOP possesses adequate financial and management resources to carry out marketing services necessary to the Project.
- (d) A management upgrading plan under which CREDICOOP will meet its obligations under the Borrower-CREDICOOP agreement described in subsection (b) above.
- (e) A Project Evaluation Plan (prepared in cooperation with A.I.D.) including evaluation criteria and financial development goals for CREDICOOP."

b. SECTION 3.03 is deleted in its entirety and the following inserted in its place:

"SECTION 3.03. Condition Precedent to Further Disbursement After Each Twelve Month Period. Except as A.I.D. may agree in writing, no disbursement shall be made following each anniversary date of the first disbursement of the Loan unless the joint evaluation of the Project held each year demonstrates progress, satisfactory to A.I.D., in attainment of CREDICOOP's financial development goals."

c. SECTION 3.04. subsection (b), is modified by deleting therefrom the words, "within sixty (60) days and in Section 3.03 within one hundred and twenty (120) days after the execution of this Agreement", and inserting in their place the words, "by August 25, 1976".

3. ARTICLE V is amended as follows:

a. SECTION 5.01 is deleted in its entirety and the following inserted in its place:

"SECTION 5.01. Enforcement of CREDICOOP Agreements. Borrower hereby specifically covenants and warrants that it will abide by and enforce the contractual obligations entered into with CREDICOOP in compliance with Section 3.02 of this Loan Agreement".

b. A new section is added as follows:

"SECTION 5.02. Annual Evaluations. Borrower covenants and warrants that it will participate with CREDICOOP and A.I.D. in an annual evaluation of the Project."

c. A new section is added as follows:

"SECTION 5.03. Implementation Covenants. Borrower covenants and warrants that it will:

- (a) Not require mortgages on real property for subloans made to CREDICOOP that are secured with crop liens, personal property liens, or cosigners sufficient to guarantee said subloans;
- (b) Make disbursements to CREDICOOP based upon annual investment plans prepared by CREDICOOP and approved by the National Development Bank and will permit CREDICOOP to relend loan repayments without Borrower's approval, provided, however, that Loan funds relent (roll-over funds) will not be used for financing production of commodities ineligible for A.I.D. financing and that the Borrower shall reserve the right to perform regular audits of CREDICOOP to insure that funds are being administered properly;
- (c) Assure that any funds on deposit by CREDICOOP at the National Development Bank shall bear interest and be available when needed by CREDICOOP;
- (d) Provide services of agricultural extension personnel required to provide adequate technical assistance to farmer-members of CREDICOOP credit unions;
- (e) To the best of Borrower's ability provide agricultural production credit through CREDICOOP at its most favorable rate of interest for credit requirements of farmer borrowers for commodities not eligible for A.I.D. financing, to CREDICOOP-affiliated rural credit unions; and
- (f) Not request disbursement from A.I.D. until it has approved specific disbursement requests from CREDICOOP and upon receipt of funds from A.I.D., Borrower shall disburse, or cause to be disbursed, such funds to CREDICOOP within fifteen (15) days of their receipt by Borrower".

5. ANNEX-I attached to the Loan Agreement is hereby modified as provided in "ANNEX I-Modified" attached hereto and incorporated herein by this reference.

Except as expressly amended or modified hereby all provisions of the Loan Agreement as originally signed remain in full force and effect.

IN WITNESS WHEREOF borrower and the United States of America, each acting through its respective duly authorized representatives, have caused this Amendment to Loan Agreement to be signed in their names and delivered as of 7 December 1976.

FOR THE GOVERNMENT OF
THE REPUBLIC OF
PARAGUAY

CÉSAR BARRENTOS
César Barrientos
Minister of Finance

HERNANDO BERTONI
Hernando Bertoni
Minister of Agriculture

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

GEORGE W. LANDAU
George W. Landau
Ambassador

ABE M. PEÑA
Abe M. Peña
Director, USAID/Paraguay

ANNEX I - Modified

The Project

A. Overview

The goal of the project is to increase the productivity and income of Paraguayan farmers who cultivate less than 20 hectares of land. The operations of CREDICOOP support this overall goal. Although CREDICOOP will continue to require some grant assistance during the implementation phase of the Project, the financial benefits derived from this Loan should permit phasing out the grants over a four-year period.

Cooperatives will be established in 38 rural population concentrations of 10,000 and above; therefore, they eventually could serve all the small farmers located in a rural population of 400,000 even though they will only be lending to an estimated 9,000 farmers; total membership of the rural cooperatives will be 19,000 by the end of the project in 1980. In addition, as these cooperatives mature, they plan to open branch offices in rural concentrations of as few as 3,000 people.

The loan will finance an essential part of an integrated program to provide credit, technical assistance and marketing services to small-scale Paraguayan farmers. The total program consists of four elements: (a) technical assistance to CREDICOOP to strengthen CREDICOOP and its member cooperatives organizationally; (b) technical assistance to the small farmer to provide him with new farming technology and to introduce him to grading and classifying of his production; (c) credit; (d) marketing, CREDICOOP will market the principal products produced by the small farmer members of its affiliated cooperatives. The first element will be financed by an AID grant project, "(b)" will be financed jointly by the Ministry of Agriculture (MAG), CREDICOOP and its cooperatives, "(c)"

will be financed by the loan and "(d)" will be financed mainly by CREDICOOP and its cooperatives.

B. Institution Building

The purpose of this project is to further develop, strengthen and institutionalize a national level cooperative central, CREDICOOP, which delivers services to Paraguayan small farmers. CREDICOOP which will provide credit, marketing and other services, is relatively new and will use A.I.D. loan funds to improve its financial base so it can increase its services to cooperatives serving greater numbers of small farmers. To assist CREDICOOP in this effort the Borrower, through a trust fund arrangement with the National Development Bank (NDB), will make funds available on the same terms received by the Borrower.

CREDICOOP will repay its loan to the Borrower in 40 years in accordance with the lender's amortization schedule which will include a ten-year grace period on repayment of the principal.

The establishment of the credit cooperative movement in Paraguay has enabled the Borrower to serve small farmers effectively. The Borrower has been able to reduce the cost of lending to the small farmer by an agreement through which the NDB would make larger loans to the credit cooperatives which would in turn make loans to each individual small farmer. The procedure presently used to pass credit to small farmers begins with CREDICOOP assisting the credit cooperatives to prepare an annual investment plan for each farmer. These plans, in turn, are aggregated into what has been termed the credit cooperatives' annual "global investment plan". CREDICOOP presents to the NDB for its approval a global investment plan for each credit cooperative. The NDB disburses funds directly to the credit cooperatives in accordance with the plan once it has been approved. This procedure will continue to be used for those crops which cannot be financed with A.I.D. funds.

The procedure to be used to pass loan disbursements to small farmers will be similar. The credit cooperatives will continue to prepare global investment plans and present them to CREDICOOP. However, these plans will not be presented separately to the NDB. Rather, CREDICOOP will merge them into one blanket credit request for all the credit cooperatives before submitting it to the NDB. The NDB will review credit requests and will approve loan disbursements only for financially sound projects containing only crops eligible for A.I.D. financing. The NDB, after approving the request, will make loan disbursements to CREDICOOP who will be responsible for making subloans to the credit cooperatives. CREDICOOP will make funds or physical inputs, whichever is appropriate available to the credit cooperatives directly or through branch offices of the NDB.

CREDICOOP, with this loan and the technical assistance provided by A.I.D. and the Borrower, is to become a financial institution specializing in lending to and marketing for small farmers. To achieve this objective it must begin making the final decisions regarding the loans it awards and how marketing services will be performed. (A marketing plan is required as a condition precedent to disbursement of A.I.D. Loan funds).

Therefore, a different lending procedure, one that increases CREDICOOP's responsibility, will be employed with respect to the use of subloan repayments. CREDICOOP will be allowed to relend the repayments for subloans financed hereunder without the approval of the NDB.

Nevertheless, subloans financed with repayments will be analyzed by A.I.D. contracted consultants who will be made available to CREDICOOP during the disbursement period of the loan. The purpose of such analysis shall be to review the soundness of the analysis performed by CREDICOOP and make recommendations for improved analysis when appropriate. In addition, the Borrower and A.I.D. will have the right to perform regular audits of CREDICOOP to insure that these funds are being administered properly and are not financing crops ineligible for A.I.D. financing. Such ineligible crops are two non-food commodities in world surplus, cotton and tobacco.

To further the building of a strong financial institution the Borrower will cause CREDICOOP to do the following:

a. To offer qualified managers on a contract basis to its member cooperatives and to agree to lend only to cooperatives which have full time, qualified managers. Cooperatives may from time to time require a new manager and will have the opportunity to recruit new personnel keeping in mind that eligibility for borrowing depends upon having a qualified manager. A cooperative can request recruiting assistance from CREDICOOP or contract directly with CREDICOOP for a qualified manager. Managers will be judged to be qualified on the basis of both objective and subjective factors. The term "qualified" must be related to various aspects such as location, size and potential of the cooperative. It is important to keep in mind that one of the goals of the project is to develop qualified managers and that a manager upgrading program is planned to help accomplish this goal. Nonetheless on the job experience is expected to be the more effective development tool and use of borrowed funds is an important element in providing complete experience.

A qualified manager would be able to satisfy most of the following objective indicators:

1. Prepare financial statements on a monthly basis.
2. Prepare loan recuperation reports on a monthly basis.

3. Have attended CREDICOOP educational programs available and applicable to managers.
4. Prepare annual projections and budgets with a minimum of help.
5. Close books on an annual basis with a minimum of outside help.
6. Capitalization of the managed cooperative increasing by a minimum of 5% per year.
7. Individual share and loan records of the managed cooperative are in balance with General Ledger accounts, or differences if any are of minor nature and stabilized for the past three months.
8. Must have high school education.

A qualified manager would also satisfy most of these subjective indicators:

- a) Follows recommendations of CREDICOOP.
- b) Active and effective in recuperation of loans.
- c) Able to make worthwhile loan analysis and recommendations to the credit committee.
- d) Contribute significantly to the Board of Directors understanding of the operations of the cooperative.
- e) Uses own initiative.
- f) Helps set reasonable growth goals for the cooperative.
- g) Is active in assuring that the necessary technical assistance in agriculture is provided to the small farmers.

In some cases a manager would be "qualified" to manage a loan of for example \$10,000 but not "qualified" to manage \$100,000. This will remain a judgment area and be acceptable as part of the normal learning process for CREDICOOP personnel and personnel of the member cooperatives.

b. To agree that starting 12 months after first disbursement no loan will be made to a member cooperative with over \$30,000 assets unless it has been audited within the 12 months preceding such loan.

c. To assure that all borrowing cooperatives and employees are covered by a blanket fidelity bond or an acceptable substitute if such a blanket bond is not available.

d. To present evidence acceptable to A.I.D. that satisfactory progress has been made towards meeting its financial and development goals. (These financial and development goals are, with the cooperation of A.I.D., in the process of being developed and will be completed early on to be used as an on-going or continuous indicator of performance. The goals already established for the agricultural years 1976 through 1980 include among other things, the number of cooperatives, membership in the cooperatives, share capital, loans made, percent of loans charged off by CREDICOOP, the number of farmer borrowers,

classification of borrowers by hectares owned and by funds received by each classification, savings of cooperatives in CREDICOOP, operating revenues of CREDICOOP, operating profit and etc.

Loan disbursements 12 months after first disbursement and each 12 months thereafter will be conditional upon an A.I.D. review of such progress).

e. A joint annual evaluation of the project will be performed by the Borrower, CREDICOOP and A.I.D.

(This evaluation will concern itself with accomplishment of results in meeting output goals and where not met will attempt to explain why not and offer suggestions for better meeting such goals. The results of this evaluation will be available to all three parties and in the case of conflict in opinion the conflict will be explained and the reasoning behind each point of view included as an integral part of the evaluation report).

f. CREDICOOP shall submit a marketing plan acceptable to A.I.D. prior to first disbursement, showing that CREDICOOP has adequate financial and management resources to carry out the necessary marketing services.

C. Financial Plan

The financial plan, set forth in the following five pages, consists of projections of CREDICOOP operating revenues, operating cost, operating results, balance sheets and cash flow (source of funds, use of funds) projections. All projections are through 1980.

CREDICOOP
PROJECTED BALANCE SHEETS
IN US\$

Assets	75 Dec 31 (000) actual	76 Dec 31 (000)	77 Dec 31 (000)	78 Dec 31 (000)	79 Dec 31 (000)	80 Dec 31 (000)
Cash in banks-----	12	41	21	51	56	168
Loans receivable-----	79	500	865	1,438	2,270	3,530
Fixed assets less dep-----	31	47	63	73	85	115
Other assets-----	2	7	10	20	20	30
Total Assets-----	124	595	959	1,582	2,431	3,843
<hr/>						
Liabilities and Capital						
Current liabilities-----	10	25	61	55	70	75
Loans payable-----	12	460	802	1,343	2,128	3,318
Share capital-----	22	55	106	185	308	497
Reserves-----	4	74	76	78	80	82
Donated capital-----	72	88	104	114	114	114
Profit and Loss [1]-----	4	(107)	(190)	(248)	(269)	(243)
Total Liabilities-----	124	595	959	1,582	2,431	3,843

(1) Shown to reflect situation without USAID contributions for operating expenses. Since the contributions are being made the asset side of the balance sheet would be increased or decreased by the difference.

CASH FLOW
MEMBER COOPERATIVES (RURAL)
AGRICULTURAL YEAR

Source of Funds	1975 1 July/75 30 June/76	1976 1 July/76 30 June/76	1977 1 July/77 30 June/78	1978 1 July/78 30 June/79	• 1979 1 July/79 30 June/80	1980 1 July/80 30 June/81
	82,330	123,300	201,350	175,010	261,410	390,800
Member savings	1,053,183	967,636	1,341,696	2,154,865	3,248,151	4,966,266
Collection of loans	105,450	189,710	304,767	479,873	732,822	1,111,562
Interest and dues income						
Borrowing CREDICOOP/BNF	647,487	1,024,988	1,704,591	2,707,568	4,147,474	6,316,575
	1,888,460	2,305,634	3,552,401	5,517,316	8,389,857	12,785,203
<hr/>						
Utilization of Funds						
Loans to members	700,000	1,268,437	2,040,962	3,232,852	4,949,467	7,526,167
Repayment of borrowings	602,153	847,487	1,206,675	1,804,591	2,707,568	4,147,474
Interest Expense	64,714	97,141	161,074	254,948	389,564	592,270
Cash operating expenses	106,789	113,933	135,330	158,383	188,772	222,375
Savings in CREDICOOP	6,058	28,083	48,284	76,250	120,035	186,270
Investments in fixed assets	24,000	24,000	27,000	30,000	34,000	38,000
Inventories supplies	10,000	12,000	13,500	15,000	17,000	19,000
Increase (Decrease) in working capital	374,746	(85,447)	(80,424)	(54,708)	(16,549)	(53,647)

The cooperatives which received three to four year extensions from the BNF are collecting and projected to collect at a faster rate from their own member.

CREDICOOP CASH FLOW

<u>Source of Funds</u>						
Member savings Urban/Rural	7,208	29,858	50,566	78,884	123,039	189,655
Collection of loans	5,000	79,200	495,000	856,350	1,423,125	2,247,300
Operating revenues	18,761	58,390	95,715	152,461	229,966	348,724
AID Loan (net new)	—	459,902	341,804	541,633	785,198	871,463
Other borrowing	1,539	—	—	—	—	317,938
Grant funding expense	124,193	110,500	82,639	57,818	21,246	—
Grant funding commodities	25,000	6,000	20,000	15,000	10,000	—
Grant reserves	70,000	—	—	—	—	—
	251,701	743,850	1,085,724	1,702,146	2,592,574	3,975,080
<u>Utilization of Funds</u>						
Loans	80,000	500,000	865,000	1,437,500	2,270,000	3,530,000
Repayments of loans	—	1,539	—	—	—	—
Interest	154	9,190	16,034	26,867	42,571	60,000
Cash operating expenses	142,000	154,700	153,670	169,037	185,941	204,535
Investments in fixed assets	15,000	10,000	10,000	15,000	10,000	5,000
Inventories	4,000	10,000	10,000	15,000	15,000	15,000
Funded reserve BNF	—	5,000	8,650	14,375	22,700	35,300
Total	241,154	704,829	1,163,354	1,677,779	2,546,219	3,849,835
Increase in working capital	10,547	39,021	22,370	24,367	46,362	125,243

FUNDING AND OPERATING INCOME AND EXPENSES: CREDICOOP IN US\$

	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>
1. Sources of Capital Funds							
a. Capitalization and other dues							
(1) Urban CU's-----	2, 176	3, 972	4, 647	5, 408	6, 254	7, 188	8, 212
(2) Rural-----	1, 773	4, 489	5, 593	7, 320	9, 023	11, 236	14, 195
(3) Total-----	3, 949	8, 461	10, 240	12, 728	15, 277	18, 424	22, 407
b. Savings of Credit Unions							
(1) Urban 2.5% of savings increase-----	2, 125	1, 150	1, 775	2, 075	2, 389	2, 720	3, 058
(2) Urban 5% of loans-----	761	—	—	207	245	284	327
(3) Rural 2.5% of savings increase-----	3, 963	2, 058	3, 083	5, 034	4, 375	6, 535	9, 770
(4) Rural 5% of loans-----	150	4, 000	25, 000	43, 250	71, 875	113, 500	176, 500
(5) Total-----	6, 999	7, 208	29, 858	50, 566	78, 884	123, 039	189, 655
c. Borrowing of CREDICOOP-----							
—	1, 539	459, 902	801, 706	1, 343, 339	2, 128, 537	3, 317, 938	
2. Uses of Funds							
a. Loans to rural CU's-----	3, 000	80, 000	500, 000	865, 000	1, 437, 500	2, 270, 000	3, 530, 000
b. Deposits in banks & other miscellaneous uses-----	14, 130	27, 338	21, 338	21, 338	21, 338	21, 338	21, 338
3. Cumulative							
a. All dues-----	*5, 949	14, 410	24, 650	37, 378	52, 655	71, 079	93, 486
b. Savings of all CU's-----	18, 181	25, 389	55, 247	105, 813	184, 697	307, 736	497, 391
c. Borrowing of CREDICOOP-----		1, 539	461, 441	1, 263, 147	2, 606, 486	4, 735, 023	8, 052, 961
d. Reserves grant fully invested-----		70, 000	70, 000	70, 000	70, 000	70, 000	70, 000
e. Available for loans to rural CU's-----	24, 130	111, 333	611, 338	1, 476, 338	2, 913, 838	5, 183, 838	8, 713, 838
f. Loans to rural CU's-----	*10, 000	90, 000	590, 000	1, 455, 000	2, 892, 500	5, 162, 500	8, 692, 500

4.	Operating Revenues								
a.	Annual dues 1.a.3	3,949	8,461	10,240	12,728	15,277	18,424	22,407	
b.	Program Revenues (Audit and Education)	228	1,800	1,900	2,000	2,100	2,200	2,300	
(1)	Urban CU's--	500	1,500	2,500	3,000	3,500	4,000	4,500	
(2)	Rural CU's--								
(3)	Total	728	3,300	4,400	5,000	5,600	6,200	6,800	
c.	Interest & Commission income from Rural CU's	—	7,000	43,750	75,688	125,782	198,625	308,875	
d.	Interest on deposited AID funds $\frac{1}{2}$ of yr.								
1 yr. lag		4,677	18,761	—	2,299	5,802	6,717	10,642	
e.	Total operating revenues (a+b3+c)								
5.	Operating Cost								
a.	Interest cost AID funds	**—	154	9,190	16,034	26,867	42,571	60,000	
b.	Interest on other funds $8\% \times 11/12$	—	—	—	—	—	—	22,865	
c.	Loss on delinquent loans .01	—	800	5,000	8,650	14,375	22,700	35,300	
d.	Personnel and special education 15.000	101,225	142,000	154,700	153,670	169,037	185,941	204,535	
e.	Total	101,225	142,954	168,810	178,354	210,279	251,212	322,700	
6.	Operating Results								
		(96,548)	(124,193)	(110,500)	(82,639)	(57,818)	(21,246)	26,024	

* Includes 73.

** Cost of NDB funds 75 only.

PRESTAMO A.I.D. No. 526-T-027

ALIANZA PARA EL PROGRESO

ENMIENDA AL

CONVENIO DE PRESTAMO

ENTRE

EL GOBIERNO DE LA REPUBLICA DEL PARAGUAY

Y

LOS ESTADOS UNIDOS DE AMERICA

PARA

LA ASISTENCIA AL PEQUEÑO AGRICULTOR

Fecha: 7 de Diciembre de 1976

CONSIDERANDO, que un Convenio de Préstamo de fecha 30 de Junio de 1975, ha sido celebrado entre el GOBIERNO DE LA REPUBLICA DEL PARAGUAY ("Prestatario") y LOS ESTADOS UNIDOS DE AMERICA, representados por la Agencia para el Desarrollo Internacional ("A.I.D.");

CONSIDERANDO, que se establece en dicho Convenio de Préstamo de que una parte del préstamo puede ser cancelada bajo circunstancias descritas en el mismo por mutuo acuerdo de las partes o si resulta improbable que se pueda lograr uno de los objetivos del Préstamo (ver las Secciones 8.01 y 8.03); y

CONSIDERANDO, que el Prestatario y A.I.D. desean reducir el monto del Préstamo y en vista de dicha reducción, efectuar algunos cambios en el Proyecto a ser financiado,

LAS PARTES, POR LA PRESENTE, enmiendan y modifican dicho Convenio de Préstamo en la siguiente forma:

I. ARTICULO I, se enmienda como sigue:

a. SECCION 1.01. se modifica suprimiendo las palabras y cifras "CUATRO MILLONES SETECIENTOS MIL DOLARES DE LOS ESTADOS UNIDOS DE AMERICA (\$4.700.000)" e insertando en su lugar las palabras y cifras "TRES MILLONES DE DOLARES DE LOS ESTADOS UNIDOS (\$3.000.000)".

b. SECCION 1.02, se suprime en su totalidad y es substituida por la siguiente:

"SECCION 1.02. El Proyecto. El Préstamo financiará una parte esencial de un programa integrado que proveerá crédito, asistencia técnica y servicios de mercadeo a los pequeños agricultores paraguayos. Específicamente el préstamo proveerá créditos por valor de \$3.000.000 a pequeños agricultores paraguayos por medio de la Central Cooperativa Nacional de Ahorro y Crédito ("CREDICOOP").



"El proyecto total consistirá de otros dos componentes:
(i) asistencia técnica a CREDICOOP para fortalecer la organización de esta institución y la de sus cooperativas. Este componente será financiado por un proyecto de donación de A.I.D.; y (ii) asistencia técnica al pequeño agricultor para proporcionarle nueva tecnología agrícola y para demostrarle cómo seleccionar y clasificar su producción. Este componente será financiado por el Ministerio de Agricultura y las cooperativas de crédito.

"El Proyecto está descrito más ampliamente en el Anexo I-Modificado, adjunto a este Convenio. Dicho Anexo puede ser modificado por mutuo acuerdo escrito de las partes."

2. ARTICULO III, se enmienda como sigue:

a. SECCION 3.02, se suprime en su totalidad y es substituida por la siguiente:

SECCION 3.02. Condiciones Previas al Desembolso para el Programa de Crédito. Antes de cualquier desembolso o de la emisión de cualquier documento de compromiso para el otorgamiento de créditos bajo el Préstamo, el Prestatario deberá proporcionar a A.I.D., o hacer que se proporcione a A.I.D., en forma y substancia satisfactoria a A.I.D.:

- (a) Un convenio firmado designando al Banco Nacional de Fomento como representantes del Prestatario para este Préstamo;
- (b) Un convenio firmado (o convenios) entre el Prestatario y CREDICOOP estableciendo los términos y condiciones bajo los cuales los fondos del Préstamo serán transferidos a CREDICOOP, incluyendo disposiciones que:
 - (i) se refieran al interés, reembolso y otros términos y condiciones básicos;
 - (ii) CREDICOOP se encargará de un programa de adiestramiento y ofrecerá administradores capacitados a las cooperativas miembros sobre una base contractual;
 - (iii) CREDICOOP hará préstamos solamente a aquellas cooperativas de crédito que tengan administradores debidamente capacitados trabajando a tiempo completo;
 - (iv) CREDICOOP participará de una evaluación anual del Proyecto juntamente con el Prestatario y A.I.D.;
 - (v) CREDICOOP, comenzando doce meses después de que se haya hecho el primer desembolso de los fondos del Préstamo, no hará ningún préstamo con fondos del Préstamo a ninguna cooperativa cuyo activo total sea mayor que el equivalente de US\$30,000, a menos que la cooperativa haya sido auditada dentro de los doce meses anteriores a la concesión de dicho préstamo;
 - (vi) los fondos del préstamo y las recuperaciones resultantes estarán limitados a la producción y mercadeo de productos elegibles para financiamiento por parte de A.I.D. (ver Anexo I-Modificado);



- (vii) CREDICOOP debe cumplir con los requisitos de capitalización e implementar pautas y planes de acción establecidas para obtener el cumplimiento de dichos requisitos;
- (viii) describir las metas y propósitos mutuos del Prestatario y de CREDICOOP, la política diseñada para implementarlas, y los indicadores verificables de cumplimiento diseñados con énfasis especial en la ejecución de los planes de acción ya establecidos para llegar a agricultores con propiedades con menos de veinte (20) hectáreas con especial énfasis en agricultores con menos de cinco (5) hectáreas;
- (ix) establecer limitaciones para el financiamiento de cosechas anuales a un porcentaje fijo del valor estimado del producto cosechado, debiendo dicho porcentaje ser aprobado por A.I.D. por escrito antes del inicio de las operaciones de préstamo para cada año agrícola, durante los primeros cinco años, a partir del desembolso inicial bajo el Préstamo; y
- (x) CREDICOOP se obligue a exigir que todas las cooperativas prestatarias y los empleados de las mismas que tengan acceso a los fondos de dichas cooperativas, estén cubiertos por seguros de fidelidad adecuados si fuese factible.
- (c) Un plan de servicios de mercadeo en el cual se verifique que CREDICOOP posee recursos financieros y administrativos adecuados para llevar a cabo los servicios de mercadeo necesarios para el Proyecto.
- (d) Un plan de capacitación del personal administrativo con el cual CREDICOOP atenderá las obligaciones establecidas en el convenio entre el Prestatario y CREDICOOP detalladas en la subsección (b) precedente.
- (e) Un plan de evaluación del Proyecto (preparado en colaboración con A.I.D.) incluyendo criterios de evaluación y metas de desarrollo financiero para CREDICOOP".

b. SECCION 3.03 se suprime en su totalidad y es substituida por la siguiente;

"SECCION 3.03. Condiciones Previas a Desembolsos Adicionales
Luego de cada Periodo de Doce Meses. Salvo que A.I.D. manifieste lo contrario por escrito, no se hará ningún desembolso después

de la fecha aniversario del primer desembolso del Préstamo a menos que la evaluación conjunta del Proyecto llevada a cabo anualmente demuestre progreso hacia las metas de desarrollo financiero de CREDICOOP, satisfactorio a A.I.D."

c. SECCION 3.04, subsección (b), se modifica suprimiendo las palabras "dentro de los sesenta (60) días y las de la Sección 3.03 dentro de los ciento veinte (120) días siguientes a la firma de este Convenio", e insertando en su lugar las palabras "para el 25 de Agosto de 1976".

3. ARTICULO V se enmienda de la siguiente forma:

a. SECCION 5.01, se suprime en su totalidad y es substituida por la siguiente:

"SECCION 5.01. Cumplimiento de los Convenio de CREDICOOP. El prestatario por la presente dispone y garantiza expresamente que cumplira y ejecutara las obligaciones contractuales que ha acordado con CREDICOOP en cumplimiento de la Sección 3.02 de este Convenio de Préstamo".

b. Se agrega una nueva sección, como sigue:

"SECCION 5.02. Evaluaciones Anuales. El Prestatario dispone y garantiza que participará con CREDICOOP y A.I.D. en la evaluación anual del Proyecto".

c. Se agrega una nueva sección, como sigue:

"SECCION 5.03. Disposiciones para la Ejecución del Proyecto: El Prestatario dispone y garantiza que:

- (a) No exigirá hipotecas sobre inmuebles para subpréstamos hechos a CREDICOOP que están garantizados con prendas de cosechas, sobre bienes muebles personales, o por codeudores suficientes para garantizar dichos subpréstamos;
- (b) Hará desembolsos a CREDICOOP basados sobre planes de inversión anual preparados por CREDICOOP y aprobados por el Banco Nacional de Fomento y permitirá a CREDICOOP otorgar préstamos de las recuperaciones sin la aprobación del Prestatario, disponiendo sin embargo, que los fondos de las recuperaciones no serán utilizados para el financiamiento de productos no elegibles para el financiamiento por parte de A.I.D. y que el Prestatario se reservará el derecho de llevar a cabo auditorías regulares de CREDICOOP para asegurar que los fondos están siendo administrados apropiadamente;



- (c) Cualquiera de los fondos depositados por CREDICOOP en el Banco Nacional de Fomento devengue intereses y estén disponibles cuando CREDICOOP los necesite;
- (d) Proveerá servicios de personal de extensión agrícola necesario para la asistencia técnica adecuada de los agricultores miembros de las cooperativas de CREDICOOP;
- (e) En la medida de las posibilidades del Prestatario, proveerá una línea de crédito agrícola a través de CREDICOOP con su tasa de interés más favorable para atender los requerimientos de crédito de las cooperativas rurales afiliadas a CREDICOOP para productos no elegibles de financiamiento por parte de A.I.D.; y
- (f) No solicitar desembolsos de A.I.D. hasta que no se hayan aprobado las solicitudes de desembolsos específicos de CREDICOOP, y una vez recibidos los fondos de A.I.D., el Prestatario deberá desembolsar, o hacer que se desembolsen, dichos fondos a CREDICOOP dentro de los quince (15) días de su recibo por parte del Prestatario".

5. El Anexo I adjunto al Convenio de Préstamo se modifica tal como se describe en el "Anexo I-Modificado" adjunto a la presente e incorporado al mismo por esta referencia.

Salvo que se enmiende expresamente o modifique por la presente, todas las disposiciones del Convenio de Préstamo tal como fuera firmado originalmente, permanecen en plena vigencia y vigor.

EN FE DE LO CUAL, EL PRESTATARIO Y LOS ESTADOS UNIDOS DE AMERICA,
mediante sus representantes respectivos debidamente autorizados,
celebran esta Enmienda al Convenio de Préstamo a ser firmado en su
nombre, el 7 de Diciembre de 1976.

POR EL GOBIERNO DE LA REPUBLICA
DEL PARAGUAY



César Barrientos
Ministro de Hacienda

Hernando Bertoni
Ministro de Agricultura

POR EL GOBIERNO DE LOS
ESTADOS UNIDOS DE AMERICA

George W. Landau

George W. Landau
Embajador

Abe M. Peña

Abe M. Peña
Director, Misión Económica
de los Estados Unidos de
América en el Paraguay

ANEXO I-ModificadoEL PROYECTOA. RESUMEN

La meta del proyecto es la de aumentar la productividad y el ingreso de los agricultores paraguayos que cultivan menos de 20 hectáreas de tierra. Las operaciones de CREDICOOP apoyan esta meta. Aunque CREDICOOP continuará necesitando asistencia en forma de donaciones durante la fase de ejecución del proyecto, los beneficios financieros resultantes de este préstamo permitirán eliminar las donaciones en un periodo de cuatro años.

Se establecerán cooperativas en 38 comunidades rurales de 10.000 habitantes y con más de este número; en consecuencia, las cooperativas podrán eventualmente beneficiar a todos los pequeños agricultores localizados en una población rural de 400.000 personas, a pesar de que las cooperativas estarán sirviendo a un número estimado de 9.000 agricultores; el total de miembros de las cooperativas rurales será de 19.000 para el final del proyecto en 1980. Además, a medida que se vayan consolidando, las cooperativas tienen planeado abrir sucursales en comunidades rurales tan pequeñas como de 3.000 habitantes.

El préstamo financiará una parte importante de un programa integrado que proveerá crédito, asistencia técnica y servicio de mercadeo a los pequeños agricultores paraguayos. El programa total consta de cuatro componentes: (a) asistencia técnica para fortalecer a CREDICOOP y a sus cooperativas; (b) asistencia técnica al pequeño agricultor para proporcionarle nueva tecnología agrícola y para demostrarle cómo seleccionar y clasificar su producción; (c) crédito; y (d) el servicio de mercadeo de CREDICOOP permitirá la venta de los principales productos de los pequeños agricultores, miembros de sus cooperativas afiliadas. El primer componente será financiado por un proyecto de donación de A.I.D., (b) será financiado conjuntamente por el Ministerio de Agricultura (MAG), CREDICOOP, y sus cooperativas, (c) será financiado por el préstamo y (d) será financiado principalmente por CREDICOOP y sus cooperativas.

B. DESARROLLO INSTITUCIONAL

El propósito de este proyecto es el de desarrollar, consolidar e institucionalizar la central cooperativa a nivel nacional, CREDICOOP, que proporciona servicios a los pequeños agricultores paraguayos. CREDICOOP, que proveerá crédito, mercadeo y otros servicios, es relativamente nueva, y utilizará los fondos del préstamo de A.I.D. para mejorar su base financiera de manera de poder aumentar sus servicios a las cooperativas que a su vez sirven a un número elevado de pequeños agricultores. Para ayudar a CREDICOOP en este esfuerzo, el Prestatario por medio de un fidicomiso con el Banco Nacional de Fomento (BNF) fa-

cilitará los fondos a la misma tasa de interés recibida por el Prestatario.

CREDICOOP amortizará su préstamo al Prestatario en un plazo de cuarenta (40) años conforme al programa de amortización de A.I.D., el cual incluirá un periodo de gracia de diez (10) años para la amortización del principal.

El establecimiento del sistema de cooperativa de crédito en el Paraguay ha permitido que el Prestatario sirviera a los pequeños agricultores de una manera efectiva. El Prestatario ha podido reducir el costo de préstamo al pequeño agricultor por medio de un acuerdo a través del cual el BNF haría préstamos más largos a las cooperativas de crédito quienes a su vez harían préstamos a cada pequeño agricultor individualmente. El procedimiento actualmente empleado para otorgar créditos a los pequeños agricultores comienza con la asistencia de CREDICOOP a las cooperativas de crédito para preparar un plan de inversión anual para cada agricultor. Estos planes, a su vez, se integran con lo que ha dado en llamarse "el plan global de inversión" anual de las cooperativas de crédito. CREDICOOP presenta para la aprobación del BNF un plan de inversión global para cada cooperativa de crédito. El BNF desembolsa los fondos directamente a la cooperativa de crédito conforme al plan, una vez que éste ha sido aprobado. Este procedimiento seguirá siendo empleado para aquellas cosechas que no pueden ser financiadas con fondos de A.I.D.

El procedimiento a ser empleado para entregar desembolsos del préstamo a los pequeños agricultores será similar. Las cooperativas de crédito seguirán preparando planes globales de inversión y los enviarán a CREDICOOP. Sin embargo, dichos planes no serán presentados separadamente al BNF. Más bien CREDICOOP los fusionará en un pedido de crédito general para todas las cooperativas de crédito antes de enviárselos al BNF. El BNF revisará el pedido de crédito y aprobará los desembolsos del préstamo únicamente para proyectos financieramente seguros que contengan productos elegibles para el financiamiento por parte de A.I.D. El BNF, después de aprobar la solicitud, hará los desembolsos del préstamo a CREDICOOP quién será responsable de otorgar los subpréstamos a las cooperativas de crédito. CREDICOOP facilitará dinero o insumos físicos, según lo que fuera más apropiado directamente a las cooperativas o por medio de las sucursales del BNF.

CREDICOOP, con este préstamo y la asistencia técnica proporcionada por A.I.D. y el Prestatario se convertirá en una institución financiera especializada en mercadeo y préstamo para los pequeños agricultores. Para lograr este objetivo, debe comenzar a tomar las decisiones finales respecto a los préstamos que otorgará y a la forma en que se desarrollarán los servicios de mercadeo. (Un plan de mercadeo es necesario como condición previa al desembolso de los fondos de A.I.D.). Por lo tanto, un procedimiento de préstamo diferente, que aumente la responsabilidad

de CREDICOOP será empleado con respecto al uso de las recuperaciones de los subpréstamos. CREDICOOP estará autorizada a subprestar los fondos de recuperación de subpréstamos financiados por el convenio sin necesidad de contar con la aprobación del BNF.

Sin embargo, los subpréstamos financiados con estas recuperaciones serán analizadas por consultores contratados por A.I.D. que serán puestos a disposición de CREDICOOP durante el periodo de desembolso del préstamo. El propósito del análisis será para revisar el alcance del análisis realizado por CREDICOOP y formular recomendaciones para mejorar los análisis cuando fuese necesario. Además, el Prestatario y A.I.D. tendrán el derecho de realizar auditorías periódicas de CREDICOOP para asegurarse de que estos fondos están siendo administrados satisfactoriamente y que no están financiando productos no elegibles a A.I.D. Tales productos, no comestibles, son dos, algodón y tabaco y cuya producción se considera en exceso en el mundo.

Para continuar el fortalecimiento de una institución financiera fuerte, el Prestatario dispondrá que CREDICOOP haga lo siguiente:

A. Ofrecer administradores competentes sobre bases contractuales a sus cooperativas miembros y acordar en prestar solamente a aquellas cooperativas que tienen administradores competentes a tiempo completo. Las cooperativas podrán, de tanto en tanto, solicitar un nuevo administrador y tendrán la oportunidad de tomar personal nuevo, teniendo siempre presente que para poder recibir préstamos deben tener un administrador competente. Una cooperativa puede solicitar la asistencia de CREDICOOP o contratar directamente con CREDICOOP para obtener un administrador competente. Los administradores serán calificados sobre bases objetivas y subjetivas. El término "competente" debe relacionarse con varios aspectos tales como, lugar, tamaño, y potencial de la cooperativa. Es muy importante recordar que uno de los objetivos del proyecto es el de desarrollar administradores competentes y que existe un programa de capacitación para administradores para ayudar a llevar a cabo este objetivo. No obstante, se espera que la experiencia en el trabajo sea el arma más efectiva para el desarrollo y la utilización de los fondos prestados es un elemento importante para lograr una experiencia completa.

Un administrador competente podría satisfacer la mayoría de los indicadores objetivos que se señalan a continuación:

1. Preparar informes financieros mensuales.
2. Preparar informes de recuperación mensuales.
3. Haber asistido a los programas educaciones existentes preparados por CREDICOOP y aplicables a los administradores.
4. Preparar proyecciones y presupuestos anuales con ayuda mínima.

5. Cerrar los libros anualmente con la mínima ayuda externa.
6. Capitalización de la cooperativa administrada que aumente en un mínimo del 5% por año.
7. Las participaciones individuales y los archivos de préstamos de la cooperativa administrada están en concordancia con la contabilidad del Libro Mayor, o las diferencias, si las hay, son de menor cuantía y estabilizadas durante los tres últimos meses.
8. Debe haber terminado la escuela secundaria.

Un administrador competente también podría satisfacer la mayoría de los siguientes indicadores subjetivos:

- a) Seguir las recomendaciones de CREDICOOP.
- b) Ser activo y eficiente en la recuperación de préstamos.
- c) Ser capaz de hacer un análisis exhaustivo del préstamo y de hacer recomendaciones al comité de crédito.
- d) Contribuir significativamente al entendimiento por parte del Directorio de las operaciones de la cooperativa.
- e) Utilizar su propia iniciativa.
- f) Establecer razonables objetivos de crecimiento para la cooperativa.
- g) Actuar activamente para asegurar de que se esté proveyendo asistencia técnica necesaria a los pequeños agricultores.

En algunos casos un administrador podría ser "competente" para administrar un préstamo de, por ejemplo, \$10.000, pero no "competente" para administrar \$100.000. Esto permanecerá como elemento de juicio y será aceptado como parte del proceso normal de aprendizaje para el personal de CREDICOOP y personal de las cooperativas miembros.

B. Convenir que ningún préstamo será hecho a una cooperativa miembro con más de \$30.000 en activo comenzando 12 meses luego del primer desembolso a menos que se haya hecho una auditoría dentro de los 12 meses precedentes a dicho préstamo.

C. Asegurar que todas las cooperativas prestatarias y sus empleados están cubiertos por seguros de fidelidad ilimitado o un substituto razonable si tal seguro de fidelidad ilimitado no es factible.

D. Presentar evidencia aceptable a A.I.D. de que se ha hecho progreso satisfactorio para cumplir con sus metas financieras y de desarrollo. (Estas metas financieras y de desarrollo se encuentran en preparación con la cooperación de A.I.D. y estarán listas próximamente para ser utilizadas como indicadores continuos de cumplimiento. Las metas ya establecidas para los años agrícolas de 1976 hasta 1980 incluyen, entre otras cosas, el número de cooperativas, número de socios de las cooperativas, capital accionario, préstamos hechos, porcentaje de los préstamos incobrables por CREDICOOP, el número de agricultores

prestarios, clasificación de los prestatarios por hectáreas y por fondos recibidos por cada clasificación, ahorros de las cooperativas en CREDICOOP, ingresos operativos de CREDICOOP, ganancias operativas, etc.

Los desembolsos del préstamo 12 meses luego del primer desembolso y cada 12 meses posteriores, estarán condicionados a la revisión por A.I.D. de dicho progreso.

E. Una evaluación anual conjunta del proyecto se llevará a cabo por el Prestatario, CREDICOOP y A.I.D.

(Esta evaluación se referirá al logro de los resultados para alcanzar las metas, y cuando no se hayan alcanzado dichas metas explicará el porqué y ofrecerá sugerencias para el mejor logro de las mismas. Los resultados de esta evaluación se entregarán a las tres partes y en caso de conflicto en la opinión, el mismo será explicado y el razonamiento que apoye cada punto de vista será incluido como parte integral del informe de evaluación).

F. CREDICOOP deberá enviar un plan de mercadeo aceptable a A.I.D. antes del primer desembolso, indicando que CREDICOOP tiene recursos financieros y administrativos adecuados para llevar a cabo los servicios de mercadeo necesarios.

C. PLAN FINANCIERO

El plan financiero, expuesto en las siguientes cinco páginas, consiste de las proyecciones de los ingresos operativos de CREDICOOP, de los costos operativos, de los resultados operativos, de balances y de proyecciones del flujo de fondos (fuente de fondos, uso de fondos). Todas las proyecciones son hasta 1980.

CREDICOOP

PROYECCION DE BALANCES
En U.S. \$

Activo	75	76	77	78	79	80
	Dec 31 (000) actual	Dec 31 (000)				
Bancos	12	41	21	51	56	168
Préstamos a recibir	79	500	865	1438	2270	3530
Activo fijo menos depreciación	31	47	63	73	85	115
Otros activos	2	7	10	20	20	30
Total Activo	124	595	959	1582	2431	3843
<u>Pasivo y Capital</u>						
Pasivo corriente	10	25	61	55	70	75
Préstamos a pagar	12	460	802	1343	2128	3318
Capital accionario	22	55	106	185	308	497
Reservas	4	74	76	78	80	82
Capital donado	72	88	104	114	114	114
Ganancias y pérdidas 1/	4	(107)	(190)	(248)	(260)	(243)
Total Pasivo	124	595	959	1582	2431	3843

Refleja la situación sin las contribuciones de USAID para capital operativo. Desde que las contribuciones están siendo realizadas el lado del Activo del Balance se refleja aumentado o disminuido por la diferencia.

<u>FLUJO DE FONDOS</u>									
<u>COOPERATIVAS MIEMBROS (RURALES)</u>									
<u>AÑO AGRICOLA</u>									
	1975 1/July/76 30/June/76	1976 1/July/76 30/June/77	1977 1/July/77 30/June/78	1978 1/July/78 30/June/79	1979 1/July/79 30/June/80	1980 1/July/80 30/June/81			
Fuente de Fondos									
Ahorros de miembros	82.330	123.300	201.350	175.010	261.410	390.800			
Cobros de préstamos	1.053.183	967.636	1.341.696	2.154.865	3.248.151	4.966.266			
Interés e ingresos de cuotas	105.450	189.710	304.767	479.873	732.822	1.111.562			
Préstamo CREDICOOP/BNF	647.487	1.024.988	1.704.591	2.707.568	4.147.174	6.316.575			
	1.888.460	2.305.634	3.552.401	5.517.316	8.389.857	12.785. . 3			
Utilización de Fondos									
Préstamos a miembros	700.000	1.268.437	2.040.962	3.232.852	4.949.467	7.526.167			
Devolución de préstamos	602.153	847.487	1.206.675	1.804.591	2.707.568	4.147.474			
Gastos de intereses	64.714	97.141	161.074	254.948	389.564	592.270			
Gastos operativos	106.789	113.933	135.330	158.383	188.772	222.375			
Ahorros en CREDICOOP	6.058	28.083	48.284	76.250	120.035	186.270			
Inversión en activo fijo	24.000	24.000	27.000	30.000	34.000	38.000			
Provisiones para inventario	10.000	12.000	13.500	15.000	17.000	19.000			
Aumento (disminución) en capital operativo	374.746	(85.447)	(80.424)	(54.708)	(16.549)	53.647			

Las cooperativas que recibieron de tres a cuatro prórrogas del BNF están cobrando y se proyecta que cobren más rápidamente de sus propios miembros.

<u>FLUJO DE FONDOS DE CREDICOOP</u>									
<u>Fuente de Fondos</u>									
	Ahorro de miembros - Urbano/Rural	7.208	29.858	50.566	78.834	123.039			
Cobro de préstamos	5.000	79.200	495.000	856.350	1.423.125	189.655			
Ingresos operativos	18.761	58.390	95.715	152.461	229.966	2.247.300			
Préstamo AID (nuevo neto)	-	459.902	341.804	541.633	785.198	348.724			
Otros préstamos	1.539	-	-	-	-	871.463			
Gastos financiados por donación	124.193	110.500	82.639	57.818	21.246	317.938			
Bienes financiados por donación	25.000	6.000	20.000	15.000	10.000	-			
Donación para reservas	70.000	-	-	-	-	-			
	251.701	743.850	1.085.724	1.702.146	2.592.574	3.975.080			

FLUJO DE FONDOS DE CREDICOOP
(cont.)

Utilización de Fondos						
Préstamos	80.000	500.000	865.000	1.437.500	2.270.000	3.530.000
Devolución de préstamos	-	1.539	-	-	-	-
Interés	154	9.190	16.034	26.867	42.571	60.000
Gastos operativos	142.000	154.700	153.670	169.037	185.941	204.535
Inversión en activo fijo	15.000	10.000	10.000	15.000	10.000	5.000
Inventarios	4.000	10.000	10.000	15.000	15.000	15.000
Reserva del BNF	-	5.000	8.650	14.375	22.700	35.300
Total	241.154	704.829	1.163.354	1.677.779	2.546.219	3.849.835
Aumento de capital operativo	10.547	39.021	22.370	24.367	46.362	125.243

EJENTES DE FONDOS, INGRESOS OPERATIVOS Y GASTOS: CREDICOOP EN US\$

	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>
1. Fuentes de Fondos de Capital							
a. Capitalización y otras cuotas	2,176	3,972	4,647	5,408	6,254	7,188	8,212
(1) Cooperativas urbanas	1,773	4,489	5,593	7,220	9,023	11,236	14,195
(2) Rurales	3,949	8,461	10,240	12,728	15,277	18,424	22,407
(3) Total							
b. Ahorros de cooperativas	2,125	1,150	1,775	2,075	2,389	2,720	3,058
(1) Urbano 2.5% de aumento de ahorros	761	—	207	245	284	327	327
(2) Urbano 5% de préstamos	3,963	2,058	3,083	5,034	6,375	6,535	9,770
(3) Rural 2.5% de aumento de ahorros	150	4,000	25,000	43,250	71,875	113,500	176,500
(4) Rural 5% de préstamos	6,999	7,208	29,858	50,566	78,884	122,039	189,655
(5) Total							
c. Deudas de CREDICOOP	—	1,539	459,902	801,706	1,343,339	2,128,537	3,317,938
2. Uso de Fondos							
a. Préstamos cooperativas rurales	3,000	80,000	500,000	865,000	1,437,500	2,270,000	3,530,000
b. Depósitos en Bancos y otros usos misceláneos	14,130	27,338	21,338	21,338	21,338	21,338	21,338
3. Acumulativo							
a. Total cuotas	5,949*	14,410	24,650	37,378	52,655	71,079	93,486
b. Ahorro total de cooperativas	18,181	25,389	55,247	105,813	184,697	307,736	497,991
c. Deudas de CREDICOOP	—	1,539	451,441	1,263,147	2,606,486	4,735,023	8,052,961
d. Fondo de reserva totalmente invertido	—	70,000	70,000	70,000	70,000	70,000	70,000
e. Disponible para préstamos a cooperativas rurales	24,130	111,338	611,338	1,476,338	2,913,838	5,187,838	8,713,838
f. Préstamos a cooperativas rurales	10,000*	90,000	590,000	1,455,000	2,892,500	5,162,500	8,692,500
4. Ingresos Operativos							
a. Cuotas anuales 1.a.3.	3,949	8,461	10,240	12,728	15,277	18,424	22,407
b. Ingresos del Programa (Auditoría y Educación)	228	1,800	1,900	2,000	2,100	2,200	2,300
(1) Cooperativas urbanas	500	1,500	2,500	3,000	3,500	4,000	4,500
(2) Cooperativas rurales	—	3,300	4,400	5,000	5,600	6,200	6,800
(3) Total	728	7,000	43,750	75,668	125,782	198,625	308,875
c. Ingresos por intereses y comisiones a cooperativas rurales	—	—	—	—	—	—	—
d. Intereses por depósitos de fondos de AID - 1/12 de año	—	—	—	—	—	—	—
1 año	—	—	—	—	—	—	—
e. Total ingreso operativo (a+b+c+d)	4,677	18,761	58,390	95,715	152,461	229,966	348,724
5. Costo Operativo							
a. Costo interés fondos AID	—**	154	—	—	—	—	—
b. Interés sobre otros fondos 8% x 11/12	—	—	—	—	—	—	—

EJENTES DE FONDOS, INGRESOS OPERATIVOS Y GASTOS: CREDICOOP EN US\$
 (continuación)

c.	Pérdidas sobre préstamos en mora	800	5,000	8,650	14,375	22,700	35,300
d.	Personal y educación especial	15,000	15,000	153,670	169,037	182,941	204,535
e.	Total	101,225	142,954	168,810	178,354	210,279	251,212
	Resultados Operativos	(96,548)	(124,193)	(110,500)	(82,639)	(57,818)	(21,246)
							26,024

* Incluye 73
 ** Costo de los fondos del BNF del 75 solamente

PHILIPPINES
Bicol Secondary and Feeder Roads Project

*Agreement signed at Manila April 28, 1976;
Entered into force April 28, 1976.*

(5955)

TIAS 8666

A. I. D. Loan No. 492-T-041

LOAN AGREEMENT

(Philippines: Bicol Secondary and Feeder Roads Project)

BETWEEN THE

GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES

AND THE

UNITED STATES OF AMERICA

Date: April 28, 1976

TIAS 8666

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LOAN AGREEMENT

LOAN AGREEMENT dated the 28th day of April 1976
between THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES
("Borrower"), acting through the NATIONAL ECONOMIC AND DEVELOP-
MENT AUTHORITY ("NEDA") with the DEPARTMENT OF PUBLIC HIGHWAYS
("DPH") as the implementing agency, the BICOL RIVER BASIN COUNCIL
("BRBC") as the coordinating agency 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. hereby agrees to lend to the
Borrower for the use of the Department of Public Highways (DPH) in coordi-
nation with the Bicol River Basin Council (BRBC), pursuant to the Foreign
Assistance Act of 1961, as amended, [¹] up to Ten Million United States Dollars
(\$10,000,000) ("Loan") to assist in financing certain foreign exchange costs of
goods and services plus an agreed upon portion of the local currency costs
required for the project as defined in Section 1.02 hereof. Reimbursement
procedures for goods and services financed hereunder are specified in Article VII.
The aggregate amount of disbursement under the Loan is hereinafter referred
to as "Principal".

¹ 75 Stat. 424; 22 U.S.C. § 2151 note.

SECTION 1.02. The Project. The Project shall consist of; (a) the construction, improvement and rehabilitation of secondary and tertiary (feeder) roads and bridges in the Bicol River Basin of Southern Luzon, Philippines, and (b) the strengthening of the road maintenance capability of the Camarines Sur and Albay Provincial Engineers' Offices and the two Chartered Cities of Naga and Iriga through the provision of maintenance equipment, technical assistance and training.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A. I. D. interest which shall accrue on the outstanding balance of the Principal and any due and unpaid interest at the rate of 2% per annum for 10 years following the date of the first disbursement hereunder and at the rate of 3% per annum thereafter. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04), 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 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, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

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

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with A.I.D. at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Opening Letters of Commitment for Procurement of Materials. Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower, DPH, or BRBC, as appropriate, 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 Secretary of Justice of the Borrower on behalf of the Borrower, DPH and BRBC that the Borrower, DPH and BRBC possess full power and authority to carry out all obligations undertaken hereunder, that this Loan Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower, DPH and BRBC, and that this Loan Agreement is a valid and legally binding obligation of the Borrower, DPH and BRBC in accordance with its terms;
- (b) the names of the persons holding or acting in the office of the Borrower, DPH and BRBC specified in Section 9.02 and specimen signatures of each named person;
- (c) written assurance of the Borrower to include the Provincial Government of Albay as a member of the BRBC, and designating the geographic areas of Albay Province within the Bicol River Basin watershed as eligible for assistance under the BRBC program;

- (d) a copy of the appropriate document of the Borrower establishing a composite Project Management Office (PMO), with authorities and responsibilities, including necessary delegations of authority from DPH, to enable the PMO to effectively carry out assigned functions;
- (e) a plan for the implementation of the Project prepared by the PMO and approved by the DPH and BRBC including a projection of funds that will be made available to finance the various elements of the Project;
- (f) a plan for socio-economic and construction evaluation of the Project, the former by BRBC contract, the latter involving periodic review of the Project by an evaluation team consisting of, inter alia, one representative of BRBC, NEDA, and A.I.D., and an undertaking by the Borrower that it will make every effort to implement recommendations of the project evaluation team in a timely and effective manner;
- (g) written assurance from the Borrower that all roads and bridges improved or constructed under this Project that are classified as Provincial Roads and City Roads will be eligible for annual maintenance funds as specified in Presidential Decrees 17 and 320 and that such funds will be provided in accordance with such Presidential Decrees;
- (h) written assurance from the Borrower that the roads and bridges improved or constructed under this Project within the boundaries of the Chartered Cities of Naga and Iriga will be properly maintained and that the required financial contribution shall be made by the cities, respectively, for this maintenance.

SECTION 3.02. Terminal Dates for Meeting Conditions Precedent.

If all of the conditions specified in Section 3.01 shall not have been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower, DPH and BRBC. 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 the 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 Project

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

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

SECTION 4.02. Funds and Other Resources to be Provided by

Borrower. The Borrower shall provide, or cause to be provided, promptly as needed all funds, in addition to the Loan, and all other resources required for the timely and effective carrying out of the Project, on the further condition that these contributions by the Borrower shall constitute at least 25% of the costs of the entire Project.

SECTION 4.03. Continuing Consultation. The Borrower, DPH, BRBC and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower, DPH, BRBC 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 of consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

SECTION 4.04. Management. Borrower, DPH and BRBC shall provide qualified and experienced management for the Project, and DPH and BRBC shall train such staff as may be appropriate for the maintenance and operation of the Project.

SECTION 4.05. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer be usefully employed for the Project, the Borrower, DPH and

BRBC may use or dispose of such goods in such manner as A. I. D. may agree to in writing prior to such use or disposition.

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

SECTION 4.06. Taxation. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within the country of the Borrower. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the country of the Borrower, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.07. Operation and Maintenance. The Borrower, DPH and BRBC shall ensure that DPH and the Provincial Engineers' Offices of

Albay and Camarines Sur operate, maintain, and repair the Project components financed under this Loan in conformity with sound engineering, financial, and administrative practices and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

SECTION 4.08. Disclosure of Material Facts and Circumstances.

The Borrower, DPH and BRBC represent and warrant that all facts and circumstances that they have disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that they have disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of their obligations under this Agreement. The Borrower, DPH and BRBC shall promptly inform A.I.D. of any facts and circumstances that might materially affect the Project and the discharge of their obligations under this Agreement. The Borrower, DPH and BRBC shall promptly inform A.I.D. of any facts and circumstances that may hereinafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's, DPH's or BRBC's obligations under this Agreement.

SECTION 4.09. Commissions, Fees, and Other Payments.

(a) The Borrower, DPH and BRBC warrant and covenant that in connection with obtaining the Loan, 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, DPH's or BRBC's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower, DPH and BRBC shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower, DPH and BRBC warrant and covenant that no payments have been or will be received by the Borrower, DPH, or BRBC, any official of the Borrower, DPH or BRBC, in connection with the procurement of goods and services hereunder, except fees, taxes, or similar payments legally established in the Philippines.

SECTION 4.10. Maintenance and Audit of Records. The Borrower, DPH and BRBC shall maintain, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and its components and to this Agreement as A.I.D. shall subsequently set forth in Implementation Letters.

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

period and at such intervals as A. I. D. may require.

SECTION 4.11. Reports. The Borrower, DPH and BRBC shall furnish to A. I. D. such information and reports relating to the Loan and to the Project as A. I. D. may request.

SECTION 4.12. Inspections. The authorized representatives of A. I. D. shall have the right at all reasonable times to inspect the Project and its components, the utilization of all goods and services financed under the Loan, and the Borrower's, DPH's and BRBC's books, records, and other documents relating to the Project and the Loan. The Borrower, DPH and BRBC shall cooperate with A. I. D. to facilitate the visit by representatives of A. I. D. to any part of the Republic of the Philippines for any purpose relating to the Loan provided for herein.

ARTICLE V

Special Covenants and Warranties

SECTION 5.01. Borrower's Covenants.

(a) The Borrower, through the Department of Agrarian Reform (DAR) will, within twenty-four months from the signing of the Loan Agreement, issue all Land Transfer Certificates and secure written Registered Leasehold Contracts for eighty percent (80%) of the farmers eligible in the Bicol Basin under Republic Act 3844, Presidential Decree 27 and subsequent implementing instructions (rice and corn land only). Minimum DAR performance for issuance of Land Transfer Certificates is 60 and 100 percent and Registered Leasehold Contracts is 25 and

80 percent, respectively, within 12 and 24 months.

(b) The Borrower, through the Department of Agrarian Reform, will assure that Barrio Committees on Land Production (BCLP) determine, as of October 21, 1972, and DAR approve land production levels for all land to be affected by the land transfer within the project area, and that the land production levels so determined will serve as the basis for calculating landlord compensation. Minimum rate of BCLP performance is 30% of land area within 12 months, and 100% within 24 months.

(c) The Borrower shall assure that sufficient funds are made available to assure timely and orderly implementation of the project.

(d) The Borrower shall ensure that the Provincial Governments of Albay and Camarines Sur and the Chartered City Governments of Naga and Iriga introduce the necessary policy and management reforms to effectively expand their equipment pool operations to adequately maintain all Provincial and City roads.

(e) The Borrower shall ensure that the Provincial Governments of Albay and Camarines Sur, as well as the Chartered City Governments of Naga and Iriga, allocate adequate budgets to meet their respective shares of annual road maintenance costs.

(f) BRBC shall assure that project evaluation procedures in form and substance satisfactory to A.I.D. are implemented.

(g) The Borrower shall regulate and enforce appropriate transport rates for commercial vehicles in the Bicol River Basin area to enable equitable benefits

from road improvements to flow to the rural poor and assure that vehicle maximum load regulations are enforced to reduce road deterioration and minimize maintenance costs.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Selected Free World Countries.

Except as A.I.D. may otherwise agree in writing, and except as provided in subsection 6.07 (d) with respect to marine insurance, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Project of goods and services having their source and origin in the Philippines or 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. Goods and services procured pursuant to this Section shall be referred to as "Selected Free World Goods" and "Selected Free World Services" respectively. 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. 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 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 6.04. 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. Contracts. Except as A. I. D. may otherwise agree in writing:

(a) All bid documents and documents relating to the solicitation of proposals for goods and services financed under Section 7.01 of the Loan shall be approved by A. I. D. in writing prior to their issuance.

(b) The Borrower shall assure that all other contracts, and all firms selected to perform such contracts, are, prior to execution, submitted to A. I. D. for written approval, if such contracts are for goods or services for a subproject and the agreed amount for such subproject is the peso equivalent of in excess of \$100,000 or such subproject is one of a group of subprojects which are so interrelated that, upon completion, such subprojects result in a specific, self-contained undertaking and the aggregate agreed amount for such group of subprojects is the peso equivalent of in excess of \$100,000.

SECTION 6.06. 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, and:

(a) Items financed under Section 7.01 shall be procured on a fair and,
except for professional services, on a competitive basis.

(b) No more than reasonable prices will be used in determining estimated
subproject costs for any goods or services financed on a fixed amount
reimbursable basis, in whole or in part, under the Loan. Such items shall be
procured on a fair and, except for professional contract services, on a cost
competitive basis wherever practicable.

SECTION 6.07. Shipping and Insurance.

(a) Selected Free World Goods Financed under the Loan shall be transported to the country of the Borrower only on flag carriers of a 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 rate for such vessels,

(i) Gross tonnage. At least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed under the Loan which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, and

(ii) Revenue. At least fifty percent (50%) of the gross freight revenue generated by all shipments financed under the Loan and transported to the Philippines on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels.

(iii) Compliance. Compliance with the requirements of (i) and (ii) above must be achieved with respect to both cargo transported from U.S. ports and cargo transported from non-U.S. ports, computed separately.

(iv) Reporting. Within ninety (90) days following the end of each calendar quarter, or such other period as A.I.D. may specify in writing, Borrower, DPH or BRBC shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this Section.

(c) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(d) 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 Philippines 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 the currency in which such goods were financed or in any freely convertible currency. If the government of the Borrower, by statute, decree, rule, regulation, or practice discriminates with respect to A. I. D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the cooperating country financed under the Loan shall be insured against marine risks and such insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States of America.

(e) 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 and shall insure the full value of the goods. 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 6.08. Port Charges. With respect to ocean freight costs which qualify as eligible for financing under the Loan, A. I. D. will finance

ninety percent (90%) of all ocean freight costs of each shipment, and ninety-eight percent (98%) of such costs on any shipment under free-out terms. The remaining ten percent (10%), or two percent (2%) of free-out shipments, represent port charges in the Philippines and Borrower covenants that it shall make available foreign exchange in accordance with procedures which may be prescribed by A. I. D. in Implementation Letters.

SECTION 6.09. 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 Section 7.01 of this Loan, the Borrower, DPH or BRBC 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 6.10. United States Government-Owned Excess Property. DPH and BRBC will utilize, with respect to goods financed under the Loan to which the DPH or BRBC takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be feasible to and consistent with the requirements of the Project and as may be available within a reasonable period of time. DPH and BRBC will seek assistance from A. I. D. and A. I. D. will assist the DPH or BRBC in ascertaining the availability of and in obtaining such Excess Property. A. I. D. will make arrangements for any necessary inspection and of acquisition, and all charges incident to the

transfer to the DPH or BRBC of such Excess Property, may be financed under the Loan.

SECTION 6.11. Information and Marking. Borrower, DPH and BRBC shall give publicity to the Loan and the Project as a program of United States aid, identify the Project sites, and provide other markings or publicity as prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursement - Letters of Commitment to United States Banks. Upon satisfaction by the Borrower, DPH and BRBC 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 costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 7.02. Reimbursement for Local Currency Costs.

(a) After acceptance by A. I. D. for work satisfactorily completed.

in accordance with provisions set forth in Implementation Letters, the Borrower may obtain periodic reimbursement by A. I. D. for such accepted work whenever reimbursable amounts of such completed work aggregate not less than \$250, 000 but not more often than once a month by submitting requests to A. I. D. for the issuance of Irrevocable Special Letters of Credit ("SLC"), by one or more banks in the United States designated by the Borrower and satisfactory to A. I. D., to the Borrower or any designee of the Borrower pursuant to such documentation requirements as A. I. D. may prescribe in the SLC's and Implementation Letters. Such documentation shall include, among other things, evidence of Philippine general commodity imports from the United States of equal value to the dollars requested for disbursement excluding freight charges on all but U. S. -flag vessels. Banking charges incurred pursuant to this Section in connection with commitment documents and disbursements shall be for the account of the Borrower and, if requested, may be financed hereunder.

(b) The rate of exchange that shall be used in determining the amount of dollars to be made available shall be the selling rate for U. S. dollars set by the Central Bank of the Philippines on the date of acknowledgment of receipt by USAID/Manila of an application for reimbursement, by the Borrower. Taxes, fees, commissions, and similar charges, if any, are not included in determining the appropriate exchange rate.

SECTION 7.03. Other Forms of Disbursement. Disbursement of

the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.04. Date of Disbursement. Disbursements by A.I.D.

shall be deemed to occur, in the case of disbursements pursuant to:

- (a) Section 7.01, on the date on which A.I.D. makes disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment.
- (b) Section 7.02, on the date on which A.I.D. opens or amends the SLC.

SECTION 7.05. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, Irrevocable Special Letter of Credit, or other commitment documents which may be called for by another form of disbursement under Section 7.03, or amendment thereto shall be issued in response to requests received by A.I.D. forty-eight (48) months after signing of this loan agreement and no disbursement shall be made against documentation received by A.I.D., or any bank described in Sections 7.01 and 7.02 sixty (60) months after signing of this loan agreement; however, an SLC will remain available for drawdown for up to three years following the last upward adjustment in its face amount. At any time or times after aforementioned terminal disbursement dates, A.I.D. may at its option reduce the Loan by all or any part thereof for which documentation was not received by such date and apply any

realized funds to a reduction in the outstanding Principal.

ARTICLE VIII

Cancellation and Suspension

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

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

- (a) the Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) the Borrower, DPH or BRBC shall have failed to comply with any other provisions of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;
- (c) the Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies;
- (d) any action by any governmental authority shall be instituted to dissolve or disestablish DPH or BRBC or to suspend their operations, or a

substantial part thereof;

(e) any right, privilege, or other legal authority necessary for the conduct of DPH or BRBC operations for the completion of the Project, or for carrying out of the terms of this Loan Agreement, is revoked, cancelled, or denied in such manner as to make it improbable that DPH or BRBC will be able to perform their obligations under this Loan Agreement or that the Loan provided for herein will substantially fulfill the purposes for which it has been established;

Then A. I. D. may, at its option, give to the Borrower, DPH or BRBC notice that all or any part of the unpaid 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 unpaid Principal and any accrued interest hereunder shall be due and payable immediately; and

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

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

(a) An Event of Default has occurred;

(b) An event 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, DPH or BRBC 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.;

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

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

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

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

(iii) decline to issue additional commitment documents;

(iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of the country of the Borrower, in which event A.I.D. shall give notification to the Borrower promptly thereafter.

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

SECTION 8.05. Continued Effectiveness of Agreement.

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

SECTION 8.06. Refunds.

(a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse 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 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 reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

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

ARTICLE IX

Miscellaneous

SECTION 9.01. Communications. Any notice, request, document, or other communication given, made, or sent by the Borrower, DPH, BRBC, 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 address:

To Borrower:

Mail Address: National Economic and Development Authority
P. O. Box 1116
Manila, Philippines

Cable Address: NEDAPHIL

To DPH:

Mail Address: Department of Public Highways
2nd Street, Port Area
Manila, Philippines

Cable Address:

To BRBC:

Mail Address: Bicol River Basin Council
Marsman Building, Port Area
Manila, Philippines

Cable Address: Secretary, Department of Public Works,
Transportation and Communications

To A.I.D.:

Mail Address: United States Agency for International
 Development
 c/o American Embassy
 Manila, Philippines

Cable Address: USAID/AMEMB MANILA

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 the English language, except as A.I.D. may otherwise agree in writing.

SECTION 9.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Director-General, National Economic and Development Authority; DPH will be represented by the individual holding or acting in the office of Secretary, DPH; BRBC will be represented by the individual holding or acting in the office of Chairman, BRBC; and A.I.D. will be represented by the individual holding or acting in the office of the Director of the United States A.I.D. Mission to the Philippines. 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, DPH or BRBC 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 or revocation of the authority of any of the duly authorized representatives of the Borrower, DPH or BRBC designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence

TIAS 8666

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.

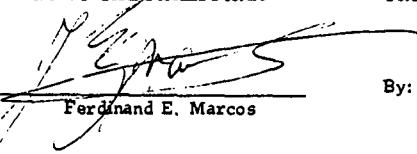
SECTION 9.04. Promissory Notes. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

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

IN WITNESS WHEREOF, Borrower, DPH, BRBC 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.

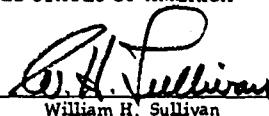
REPUBLIC OF THE PHILIPPINES

By:


Ferdinand E. Marcos

UNITED STATES OF AMERICA

By:


William H. SullivanTitle: President, Republic of the PhilippinesTitle: Ambassador to the Republic of the PhilippinesBy: Gerardo P. Sicat
Gerardo P. SicatBy: Garnett A. Zimmerman
Garnett A. ZimmermanTitle: Secretary of Economic Planning
(Director-General)
National Economic and Development AuthorityTitle: Director, USAID/Philippines

PORtUGAL

School Construction

*Agreement signed at Lisbon August 13, 1976;
Entered into force August 13, 1976.*

DATED: August 13, 1976

LOAN AGREEMENT
BETWEEN THE
GOVERNMENT OF PORTUGAL
AND THE
UNITED STATES OF AMERICA
FOR
SCHOOL CONSTRUCTION

A.I.D. Loan No. 150-K-006

TIAS 8667

LOAN AGREEMENT dated the 13th August, 1976
between the GOVERNMENT OF PORTUGAL ("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 pursuant to the Foreign Assistance Act of 1961, as amended, [¹] an amount not to exceed eleven million United States dollars (\$11,000,000) ("Loan") to assist the Borrower in carrying out the Project referred to in Section 1.02. The Loan shall be used exclusively to finance the 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" shall consist of the construction of facilities for approximately twenty preparatory and secondary schools at various locations throughout Portugal, and the procurement of equipment for use in educational television. The implementing agency will be the Borrower's Ministry of Education. The Project is more fully described in Annex A attached hereto, which Annex may be modified by mutual agreement in writing.

¹ 75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of five percent (5%) per annum on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement as such date is defined in Section 6.03, 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, 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 twenty-five (25) years from the date of the first disbursement hereunder in forty-one (41) approximately equal semi-annual installments of Principal and interest. The first installment of Principal shall be payable four and one-half (4 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 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, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

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

SECTION 2.05. Renegotiation of the Terms of the Loan.

The Borrower agrees to negotiate with A.I.D. at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Any Disbursement.

Prior to the first disbursement 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 Attorney General (Procurador Geral da República) of Portugal or of other counsel acceptable to A.I.D. that this agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 8.02, and a specimen signature of each person specified in such statement;
- (c) A description of the arrangements, including the terms and conditions, under which disbursements under the Loan will be made available by the Borrower to the Ministry of Education, and by the Ministry of Education to any other institution, for implementation of the Project;
- (d) A time-phased implementation plan for carrying out the Project, including Construction Schedules and a Financial Plan for the schools identified in Annex A;
- (e) A description of standards, criteria and procedures under the Project, for (i) selection and approval

of projects and (ii) contracting for construction and engineering services;

- (f) Evidence that Borrower has established a segregated fund ("Project Fund") for financing schools identified in Annex A.

SECTION 3.02. Terminal Dates for Meeting Conditions

Precedent to Disbursement. If all the conditions specified in Section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon giving 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 the 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 Project.

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

- (b) Borrower shall cause the Loan funds to be administered in conformity with the terms and conditions of this Agreement, and in such manner as to facilitate the success of the Project.
- (c) Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications thereto, agreed upon by A.I.D. pursuant to this Agreement.

SECTION 4.02. Funds and Other Resources to be Provided by Borrower. The Borrower shall provide promptly as needed all funds in addition to those made available under the Loan and all other resources needed for the effective carrying out of the Project.

SECTION 4.03. Continuing Consultation. The 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 Project, the performance by the Borrower of its obligations under this Agreement, and other matters relating to the Project.

SECTION 4.04. Taxation. This Agreement, the Loan and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within the country of the Borrower. As, and to the extent that any transaction or property financed hereunder is not exempt from separately identifiable taxes, tariffs, or duties and other levies imposed under laws in effect in the country of the Borrower, the Borrower shall make certain that payments which shall be financed under this Agreement shall be destined for payments of goods and services and not for the payment of such taxes, tariffs, or duties. Otherwise, the Borrower shall reimburse the same under Section 7.06 of this Agreement with funds other than those provided under the Loan.

SECTION 4.05. Utilization of Goods and Services.

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

(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 other than the United States.

SECTION 4.06. 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 to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- a. the receipt of and use made of funds disbursed pursuant to this agreement;
- b. the nature and extent of solicitations of prospective suppliers of goods and services required;
- 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, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.07. Reports. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project financed hereunder as A.I.D. may request in order to verify accomplishment of the Project.

SECTION 4.08. Inspections. The authorized representatives of A.I.D. shall upon application to the Borrower have the right at all reasonable times to inspect the Project, and the books, records and other documents relating to the Project financed

hereunder and the Loan in order to verify accomplishment of the Project. The Borrower shall cooperate with A.I.D. to facilitate such inspections.

ARTICLE V

Procurement

SECTION 5.01. Source of Procurement. Except as A.I.D. may otherwise agree in writing, and except as otherwise provided later in this Section 5.01, disbursements made pursuant to Section 6.01 shall be used exclusively to finance the procurement for the Project of goods and services having their source and origin in Portugal or the United States. Except as A.I.D. may otherwise agree in writing, television equipment financed under the Loan must be transported to Portugal on U.S. carriers.

SECTION 5.02. Eligibility Date. Except as A.I.D. may otherwise agree in writing, only goods and services which are contracted for on or after November 1, 1975 will be financed under the Loan.

SECTION 5.03. Reasonable Price. Prices paid for any goods or services financed, in whole or in part, under the Loan shall not exceed those generally prevailing in the national market.

ARTICLE

Disbursements

SECTION 6.01. Disbursements. Upon satisfaction of the Conditions Precedent set forth in Section 3.01 and upon request by the Borrower, A.I.D. will make disbursements under the Loan to the Project Fund in accordance with procedures and documentation requirements set forth below, and in Implementation Letters to be provided to Borrower. Such disbursements shall consist of the following, except as A.I. D. and the Borrower otherwise agree in writing.

- a. An initial disbursement equivalent to seven-five percent (75%) of agreed construction costs (as defined in Implementation Letter No. 1) actually spent by Borrower in construction of, or procurement in connection with construction of eligible schools listed in Annex A, up to the fixed amount limit agreed upon for each eligible school, provided that Borrower has given to A.I.D. acceptable evidence of (i) such actual expenditures and (ii) satisfactory construction and quality of goods procured for construction; and
- b. Additional quarterly disbursements equivalent to seventy five percent (75%) of agreed construction

- of, eligible schools listed in Annex A, up to the fixed amount limit agreed upon for each eligible school, provided that Borrower has given to A.I.D. acceptable evidence of (i) such actual expenditures and (ii) satisfactory construction and quality of goods procured for construction; and
- b. Additional quarterly disbursements equivalent to seventy-five percent (75%) of agreed construction costs actually spent by Borrower in the preceding quarter in construction of eligible schools listed in Annex A, up to the fixed amount limit agreed upon for each eligible school, provided that for each disbursement, Borrower has given to A.I.D. acceptable evidence of the type required in subsection (a), above, and in addition provides acceptable evidence of timely and current contribution of Borrower's share pursuant to the Financial Plan, and such other funds as are required for the Project.

Disbursements in accordance with the terms of this Agreement shall be made in United States dollars. The number of dollars to be disbursed shall be calculated at the time of each disbursement by dividing the number of Portuguese escudos which Borrower and A.I.D. agree are eligible for reimbursement by the highest rate of exchange at which A.I.D. could legally purchase escudos in Portugal on the day of disbursement.

SECTION 6.02. Other Forms of Disbursement.

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

SECTION 6.03. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to Section 6.01, on the date on which A.I. D. disburses the dollars to the Borrower or to its designee, and in the case of disbursements pursuant to Section 6.02, 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.

SECTION 6.04. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no disbursements shall be made against documentation received by A.I.D. after June 30, 1978. A.I.D. at its option may at any time or times after June 30, 1978 reduce the Loan by all or any part hereof for which documentation was not received by such date.

ARTICLE VII

Cancellation and Suspension

SECTION 7.01. Cancellation by the Borrower. The Borrower may, by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of such notice,

A.I.D. has not disbursed or committed itself to disburse, or
(ii) which has not been utilized through the issuance of
irrevocable Letters of Credit.

SECTION 7.02. Events of Default; Acceleration.

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

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

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

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursements.

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 will be able to perform its obligations under this Agreement; or
- (c) Any disbursement would be inconsistent with legislation governing A.I.D.;
- (d) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement or any other agreement between the Borrower or any of its agencies and 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; and
- (iii) Decline to issue additional commitment documents.

SECTION 7.04. Cancellation by A.I.D. Following any suspension of disbursement pursuant to Section 7.03, if the cause or causes for such suspension 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 7.05. 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 7.06. Refunds.

- (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursements 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 ninety (90) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured 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 consultant, 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 a price above that prevailing in the national market for goods or services financed, or to goods or services that were inadequate, A.I.D. shall first make such refund available for the cost of goods or services procured 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 7.07. 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 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.08. 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 such right, power or remedy or of any other right, power or remedy hereunder.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Communications. Any notice, request, document or other communication given, made or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered to such

party by hand or by mail, telegram, cable or radiogram at the following addresses:

TO BORROWER:

Mail and Cable Address: Ministro das Finanças
Rua da Alfândega
Lisboa, Portugal

TO A.I.D.:

Mail and Cable Address: A.I.D. Representative
Embassy of the United States of America
Lisbon, Portugal

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 8.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Ministro das Finanças and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Representative, Embassy of the United States of America, Lisbon. Such individuals shall have the authority to designate by written notice additional representatives. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as

any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will, with concurrence of the Borrower, prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or other evidence of indebtedness with respect to the Loan. The above documents shall be in a form, containing terms, and supported by legal opinions as A.I.D. may reasonably request.

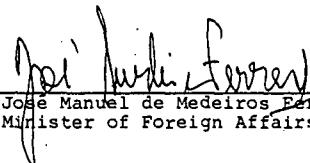
SECTION 8.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, the 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 as of the day and
year first above written.

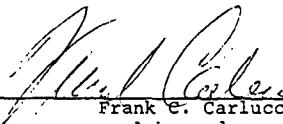
GOVERNMENT OF PORTUGAL

BY:


Dr. Jose Manuel de Medeiros Pêtreira
Minister of Foreign Affairs

UNITED STATES OF AMERICA

BY:


Frank C. Carlucci
Ambassador

ANNEX A

The Project consists of constructing and equipping approximately nineteen preparatory and secondary schools at various locations throughout Portugal, plus the procurement of approximately \$100,000 worth of U.S. equipment for use in educational television.

The schools which comprise the Project are included in the overall construction program of the Ministry of Education, which program calls for approximately 215 new preparatory and secondary schools (5190 classrooms) to be built over the five-year period 1976-1980.

A list of the schools which A.I.D. agrees to help finance is attached as Table 1. Should circumstances require changes in this list, such changes will be considered by A.I.D. in consultation with Borrower.

TABLE I

LIST OF PREPARATORY AND SECONDARY SCHOOLS

The following initial list of projects proposed for partial AID financing may be modified as AID and the Ministry consider necessary.

1. Secondary School at Vale de Cambra, district of Aveiro
2. Preparatory School at Ourique, District of Beja
3. Secondary School at Serpa, District of Beja
4. Preparatory School at Silves, District of Faro
5. Secondary School at Porto de Mós, District of Leiria
6. Secondary School at Azambuja, District of Lisboa
7. Preparatory School at Olivais (Lisboa), District of Lisboa
8. Preparatory School at Damaia (Oeiras), District of Lisboa
9. Preparatory School at Miraflores (Oeiras), District of Lisboa
10. Preparatory School at Leça da Palmeira (Matozinhos), Dis. of Porto
11. Preparatory School at Paços Ferreira, District of Porto
12. Preparatory School at Penafiel, District of Porto
13. Preparatory School at Tramagal (Abrantes), District of Santarém
14. Preparatory School at Alpiarça, District of Santarém
15. Preparatory School at Golegā, District of Santarém
16. Secondary School at Baixa da Banheira, District of Setúbal
17. Preparatory School at Alijó, District of Vila Real
18. Secondary School at Alijó, District of Vila Real
19. Preparatory School at Montalegre, District of Vila Real
20. Preparatory School at Resende, District of Viseu
21. Secondary School at Estreito (Camara Lobos), District of Funchal
22. Preparatory School in the Azores in place(s) to be defined

A.I.D. Loan No. 150-K-006

**ACORDO DE EMPRESTIMO
ENTRE O
GOVERNO DE PORTUGAL
E OS
ESTADOS UNIDOS DA AMERICA
PARA
CONSTRUÇÃO DE ESCOLAS**

Acordo de empréstimo celebrado em 13 de Agosto de 1976 entre o GOVERNO DE PORTUGAL ("Mutuário") e os ESTADOS UNIDOS DA AMERICA, por intermédio da AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTIGO I

O Empréstimo

SECÇÃO 1.01. O Empréstimo. A A.I.D. concorda em emprestar ao Mutuário em conformidade com a Lei de Assistência ao Estrangeiro (Foreign Assistance Act) de 1961 e suas emendas, uma quantia que não excederá onze milhões de dólares (\$11,000,000) ("Empréstimo") para o auxiliar a executar o Projecto referido na Secção 1.02. O Empréstimo será aplicado exclusivamente no financiamento dos custos de bens e serviços exigidos pelo Projecto. O montante agregado dos desembolsos efectuados no âmbito do Empréstimo será referido neste documento como "Capital".

SECÇÃO 1.02. O Projecto. O Projecto consistirá na construção de instalações para corea de vinte escolas preparatórias e escolas secundárias em várias localidades através de Portugal e na aquisição de equipamento para ser utilizado na televisão educativa. A entidade executante será o Ministério da Educação do Mutuário. O Projecto é descrito em mais pormenor no Anexo A, junto, o qual poderá ser modificado por mútuo acordo, por escrito.

ARTIGO II

Condições do Empréstimo

SECÇÃO 2.01. Juro. O Mutuário pagará à A.I.D. um juro calculado à taxa de cinco por cento (5%) ao ano e incidente sobre o saldo do Capital e sobre quaisquer juros devidos e não pagos. O juro sobre o saldo em dívida será calculado desde a data de cada desembolso, como tal definida na Secção 6.03, e na base do ano de 365 dias. O juro será pago semestralmente. O primeiro pagamento de juros será devido, o mais tardar, seis (6) meses após o primeiro desembolso, em data a especificar pela A.I.D.

SECÇÃO 2.02. Amortização. O Mutuário reembolsará a A.I.D. do Capital no prazo de vinte e cinco (25) anos a contar da data do primeiro desembolso, em quarente e uma (41) prestações semestrais, aproximadamente iguais, de Capital e juros. A primeira prestação de Capital será devida quatro anos e meio (4½) após a data em que ocorre o primeiro pagamento de juros, segundo o disposto na Secção 2.01. A A.I.D. fornecerá ao Mutuário um calendário de amortização, de acordo com o disposto nesta secção, após o desembolso final no âmbito do Empréstimo.

SECÇÃO 2.03. Aplicação, moeda e local de pagamento. Todos os pagamentos de juros e de Capital, nos termos deste Acordo, serão efectuados em dólares dos Estados Unidos e aplicados, primeira-

mente no pagamento dos juros em dívida e depois no reembolso do Capital. A menos que a A.I.D. instrua diferentemente por escrito, tais pagamentos serão feitos ao Controller da Agency for International Development, Washington, D.C., U.S.A. e serão considerados como efectuados logo que sejam recebidos na Repartição do Controller.

SECÇÃO 2.04. Pagamento antecipado. Achando-se satisfeito o pagamento de todos os juros e reembolsos devidos, o Mutuário poderá, sem qualquer penalidade, antecipar a amortização de toda ou qualquer parte do Capital. Tal pagamento antecipado será aplicado às prestações de Capital, na ordem inversa do seu vencimento.

SECÇÃO 2.05 Renegociação dos termos do Empréstimo. O Mutuário concorda em negociar com a A.I.D. em qualquer altura ... que esta o solicite, uma aceleração do reembolso do Empréstimo, no caso de se verificar uma melhoria significativa na posição económica e financeira, interna e externa e nas perspectivas do país do Mutuário.

ARTIGO III

Condições precedentes ao desembolso

SECÇÃO 3.01 Condições precedentes a qualquer desembolso. Antes do primeiro desembolso do Empréstimo, o Mutuário, a menos que a A.I.D. estabeleça diferentemente, por escrito, apresentará, na forma e substância satisfatórias para a A.I.D.:

- (a) Um parecer do Procurador Geral da República de Portugal, ou de qualquer outro jurista aceite pela A.I.D., confirmando que este acordo foi devidamente autorizado ou ratificado pelo Mutuário, e executado em seu nome e que constitui um instrumento válido e juridicamente vinculativo do Mutuário, em conformidade com todos os seus termos;
- (b) Uma declaração com os nomes das pessoas que podem obrigar o Mutuário, nos termos da Secção 8.02, assim como um espécime de assinatura de cada uma das pessoas especificadas nessa declaração;
- (c) Uma descrição das disposições, incluindo os termos e condições, através das quais os desembolsos do Empréstimo serão pelo Mutuário postos à disposição do Ministério da Educação, e por este à ordem de qualquer outra instituição, para execução, do Projecto;
- (d) Um plano calendário para a execução do Projecto, incluindo esquemas temporais para as construções e um plano financeiro para as escolas identificadas no Anexo A;
- (e) Uma descrição dos padrões, critérios e formalidades relativos ao Projecto, a utilizar (i) na selecção e aprovação dos projectos e (ii) na adjudicação do fornecimento dos serviços de construção e engenharia;
- (f) Prova de que o Mutuário instituiu um fundo separado ("Project Fund") para o financiamento das escolas identificadas no Anexo A.

SECÇÃO 3.02. Prazo-limite para satisfação das condições precedentes ao desembolso. Se as condições especificadas na Secção 3.01 não forem satisfeitas dentro de noventa (90) dias a contar da data da assinatura deste Acordo, ou de data posterior com a qual a A.I.D. tenha concordado por escrito, a A.I.D. terá o direito de dar por findo este Acordo por meio de notificação escrita dirigida ao Mutuário. Após tal notificação, considera-se terminado este Acordo, assim como todas as obrigações das partes que o subscreveram.

SECÇÃO 3.03. Notificação de que foram satisfeitas as condições precedentes ao desembolso. A A.I.D. notificará o Mutuário logo após a verificação de que foram satisfeitas as condições precedentes ao desembolso especificadas na Secção 3.01.

ARTIGO IV

Compromissos e Garantias Gerais

SECÇÃO 4.01. Execução do Projecto.

- (a) O Mutuário, por intermédio do Ministério da Educação, executará o Projecto com a devida diligência e oficiência, e em conformidade com as boas práticas profissionais de engenharia e construção, financeiras, técnicas e administrativas.
- (b) O Mutuário promoverá que os fundos deste Empréstimo sejam administrados em conformidade com os termos e condições deste Contrato e de molde a facilitar o êxito do Projecto.
- (c) O Mutuário promoverá que o Projecto seja executado de harmonia com todos os planos, especificações, contratos, esquemas temporais e outros arranjos, e com todas as respectivas modificações, aprovados pela A.I.D. nos termos deste Acordo.

SECÇÃO 4.02. Fundos e outros recursos a proporcionar pelo Mutuário. O Mutuário fornecerá, logo que necessários todos os fundos complementares dos facultados pelo Empréstimo, assim como todos os outros recursos indispensáveis para levar a efeito o Projecto.

SECÇÃO 4.03. Consultas contínuas. O Mutuário e a A.I.D. deverão cooperar inteiramente a fim de assegurar que os propósitos do Empréstimo sejam alcançados. Com essa finalidade, o Mutuário e a A.I.D., a pedido de qualquer das partes, trocarão impressões através dos seus representantes, em relação ao andamento do Projecto, ao cumprimento por parte do Mutuário das obrigações assumidas nos termos deste Contrato e a outros assuntos ligados com o Projecto.

SECÇÃO 4.04. Tributação. Este Acordo, o Empréstimo e qualquer título de dívida emitido por força deles ficarão isentos de quaisquer impostos em vigor no país do Mutuário, não podendo, por isso, quaisquer prestações de Capital ou de juros aparecer deduzidas de tais impostos. Nos casos em que qualquer transacção ou valor financiado ao abrigo deste Acordo não estiver isento de qualquer imposto, direito aduaneiro ou taxa, identificável, em vigor no país do Mutuário,

este garantirá que os pagamentos a cobrir por este Acordo serão destinados ao financiamento de sens e serviços, e nunca à liquidação de tais impostos, direitos aduaneiros ou taxas. De contrário, o Mutuário terá de efectuar o reembolso dos fundos aplicados no pagamento destes encargos, em conformidade com o Secção 7.06 deste Acordo, usando, para isso meios que não provenham do Empréstimo.

SECÇÃO 4.05. Utilização de bens e serviços.

- (a) Os bens e serviços obtidos com fundos proporcionados pelo Empréstimo serão usados exclusivamente para execução do Projecto, excepto nos casos em que a A.I.D., por escrito, aceite diferentemente.
- (b) Excepto nos casos em que a A.I.D. concorde diferentemente, por escrito, nenhuns bens ou serviços obtidos com fundos proporcionados pelo Empréstimo serão usados para promover ou concorrer para a realização de qualquer projecto de auxílio estrangeiro ou actividade ligada ou financiada por qualquer outro país que não seja os Estados Unidos da América.

SECÇÃO 4.06 Escrituração e verificação de contas. O Mutuário conserverá, ou assegurará que sejam conservados, consoante as práticas e princípios correctos de contabilidade, livros e registos relativos ao Projecto e a este Acordo. Tais livros e registos deverão, sem qualquer reserva, patentear claramente o seguinte:

- (a) a recepção e uso des fundos desembolsados nos termos deste Acordo;
- (b) a natureza e âmbito dos concursos feitos para fornecimento dos bens e serviços necessários;
- (c) as bases de adjudicação dos contratos e encomendas aos concorrentes escolhidos; e
- (d) o andamento do Projecto.

Tais livros e registos serão regularmente sujeitos a peritagem de contas, em conformidade com os padrões correctos de verificação de contas, pelos períodos e intervalos que a A.I.D. possa exigir, e serão conservados durante cinco anos após a data do último desembolso efectuado pela A.I.D. ou até que sejam saldadas as quantias devidas à A.I.D., nos termos deste Acordo, valendo para este efeito a data que ocorrer primeiro.

SECÇÃO 4.07 Relatórios. O Mutuário fornecerá à A.I.D. todas as informações e relatórios referentes ao Empréstimo e ao Projecto por ele financiado, que a A.I.D. solicite para verificar os resultados do Projecto.

SECÇÃO 4.08. Inspecções. Os representantes autorizados de A.I.D. após solicitação ao Mutuário, terão o direito de, em alturas que se possam considerar aceitáveis, inspecionar o Projecto; assim como os livros, registos e outros documentos referentes ao Projecto financiado e am Empréstimo, a fim de verificarem os resultados do

Projecto. O Mutuário prestará a sua colaboração à A.I.D. a fim de facilitar tais inspecções.

ARTIGO V

Aquisições

Secção 5.01. Origem das Aquisições. Excepto nos casos em que a A.I.D. concorde diferentemente por escrito, e salvo ainda o que diversamente se estabelece no final desta Secção, os desembolsos efectuados nos termos da Secção 6.01 serão utilizados exclusivamente para financiar aquisições de bens e serviços destinados ao Projecto, que tenham proveniência e origem em Portugal ou nos Estados Unidos.

Excepto nos casos em que a A.I.D. concorde diferentemente por escrito, o equipamento de televisão adquirido com fundos provenientes deste empréstimo deve ser transportado para Portugal por meios de transporte registados em Portugal ou nos Estados Unidos.

Secção 5.02. Limite retroactivo de habilitação. Salvo se a A.I.D. acordar de outro modo, por escrito, somente poderão ser financiados pelo Empréstimo os bens e serviços que forem adjudicados a partir de 1 de Dezembro de 1975.

Secção 5.03. Preços razoáveis. Pelos bens e serviços financiados pelo Empréstimo, total ou parcialmente, não serão pagos preços acima dos normalmente praticados no mercado nacional.

ARTIGO VI

Desembolsos

Secção 6.01. Desembolsos. Satisfeitas as condições precedentes constantes da Secção 3.01, e a pedido do Mutuário, a A.I.D. fará desembolsos no âmbito do Empréstimo para o "Project Fund" em conformidade com as formalidades e exigências de documentação abaixo estabelecidas e em Cartas de Execução a fornecer ao Mutuário. Salvo se a A.I.D. e o Mutuário estabelecerem o contrário por escrito, esses desembolsos consistirão no seguinte:

- (a) Um desembolso inicial equivalente a setenta e cinco por cento (75%) dos custos líquidos de construção (conforme definido na Carta de Execução No. 1) na realidade despendidos pelo Mutuário na construção de, ou aquisição ligada à construção de, escolas indicadas no Anexo A, até à quantia limite fixa aceite para cada escola elegível, desde que o Mutuário dê à A.I.D. prova aceitável (i) dessas despesas feitas e (ii) da qualidade satisfatória da construção e das mercadorias adquiridas para a construção; e
- (b) Desembolsos trimestrais adicionais equivalentes a setenta e cinco por cento (75%) dos custos acordados de construção na realidade despendidos pelo Mutuário no trimestre precedente, na construção de escolas indicadas no Anexo A, até à quantia

limite fixa aceite para cada escola desde que, para cada desembolso, o Mutuário apresente à A.I.D. prova da natureza das indicadas na subsecção (a), acima, e além disso forneça provas aceitáveis de oportuna e corrente contribuição da participação do Mutuário em conformidade com o Plano Financeiro, e outros fundos que forem exigidos pelo Projecto.

Os desembolsos em conformidade com os termos deste Acordo serão efectuados em escudos portugueses na posse do Governo dos Estados Unidos e obtidos pela A.I.D. em Portugal em troca de dólares dos Estados Unidos por intermédio de bancos estabelecidos em Portugal. O equivalente em dólares dos escudos postos à disposição do Mutuário será o montante em dólares que a A.I.D. tenha que despender para obter tais escudos.

SECÇÃO 6.02. Outras formas de desembolso. Os desembolsos do Empréstimo poderão também ser efectuados de qualquer modo que o Mutuário e a A.I.D. acordem por escrito.

SECÇÃO 6.03. Data de desembolso. Os desembolsos feitos pela A.I.D. considerar-se-ão como tendo sido efectuados, no caso de desembolsos nos termos da Secção 6.01, na data em que a A.I.D. entregue os escudos ao Mutuário ou à entidade que o represente, e no caso de desembolsos nos termos da Secção 6.02, na data na qual a A.I.D. faça um desembolso a favor do Mutuário, da entidade que o represente, ou duma instituição bancária em conformidade com uma Carta de Compromisso.

SECÇÃO 6.04. Prazo-limite para desembolso. A menos que a A.I.D. concorde diferentemente por escrito, nenhum desembolso será efectuado contra documentação recebida pela A.I.D. posteriormente a 30 de Junho de 1978. A A.I.D. terá o direito, em qualquer momento ou momentos depois de 30 de Junho de 1978, de reduzir o Empréstimo, parcial ou totalmente, no que toca à parte para a qual não haja sido recebida documentação até à data acima indicada.

ARTIGO VII

Cancelamento e Suspensão

SECÇÃO 7.01. Cancelamento pelo Mutuário. O Mutuário poderá por notificação escrita dirigida à A.I.D. cancelar qualquer parte do Empréstimo (i) que, anteriormente a tal notificação, a A.I.D. não tenha ainda desembolsado ou tomado o compromisso de desembolsar ou (ii) que até essa altura não tenha sido utilizada pela emissão de Cartas de Crédito irrevogáveis.

SECÇÃO 7.02. Casos de incumprimento; Aceleração. Se o correr uma ou mais das seguintes circunstâncias ("Casos de Incumprimento"):

- (a) O Mutuário não tenha satisfeito pontualmente o pagamento de qualquer juro ou prestação do Capital devido nos termos deste Acordo;

- (b) O Mutuário tenha deixado de cumprir qualquer outra disposição deste Acordo;
- (c) O Mutuário não baje pago na altura devida qualquer juro ou prestação do Capital ou satisfeito qualquer outro compromisso financeiro devido nos termos de outro contrato de empréstimo, assim como de qualquer acordo de garantia ou ainda de outro qualquer acordo entre o Mutuário, ou qualquer dos seus órgãos, e a A.I.D., ou qualquer das instituições que a precederam; a A.I.D. terá direito de notificar o Mutuário de que todo ou parte do Capital em dívida deverá ser pago dentro de sessenta (60) dias, e, a menos que a referida falha da parte do Mutuário tenha sido sanada dentro de sessenta (60) dias:
 - (i) O Capital em dívida assim como os respectivos juros vencidos consideram-se devidos e deverão ser pagos imediatamente; e
 - (ii) O montante de futuros desembolsos feitos ao abrigo de Cartas de Crédito irrevogáveis ainda válidas ou por qualquer outra forma considerar-se-á devido e deverá ser pago logo que seja recebido.

SECÇÃO 7.03. Suspensão de desembolsos. No caso de em qualquer altura:

- (a) Se ter verificado qualquer caso de incumprimento;
- (b) Ter ocorrido qualquer acontecimento que a A.I.D. considere como situação extraordinária que torne improvável a consecução de objectivo de Empréstimo ou comprometa decisivamente a capacidade do Mutuário para cumprir as obrigações assumidas nos termos deste Acordo;
- (c) Qualquer desembolso não ter obedecido às regras que regem a A.I.D.;
- (d) O Mutuário ter deixado de pagar na altura devida qualquer juro ou prestação de Capital ou qualquer outro compromisso financeiro devido nos termos de qualquer outro contrato de empréstimo, assim como qualquer outro acordo de garantia ou ainda de outro qualquer acordo entre o Mutuário, ou qualquer dos seus órgãos e o Governo dos Estados Unidos, ou qualquer dos seus órgãos:
 - a A.I.D., após consulta ao Mutuário no sentido de se obter justificação para as situações invocadas e se estas justificações não forem aceites, poderá:
 - (i) Suspender ou cancelar documentos de compromisso válidos, na medida em que eles não tenham sido utilizados através da emissão de Cartas de Crédito irrevogáveis ou através de pagamentos bancários efectuados per forma diferente da de Cartas de Crédito irrevogáveis, caso em que a A.I.D. logo de seguida, fará ao Mutuário a competentes notificação;

- (ii) Recusar efectuar desembolsos para além dos decorrentes de documentos de compromisso válidos; e
- (iii) Recusar emitir novos documentos de compromisso.

SECÇÃO 7.04. Carcelamento pela A.I.D. Após a suspensão de um desembolso em conformidade com a Secção 7.03, se a causa ou causas de tal suspensão não forem eliminadas ou corrigidas dentro de sessenta (60) dias a contar da data da suspensão, a A.I.D. reserva-se o direito de, quando o entender, cancelar todo on parte do Empréstimo que não tenha sido ainda desembolsado ou objecto de Cartas de Crédito irrevogáveis.

SECÇÃO 7.05. Continuação da validade do Acordo. Não obstante qualquer cancelamento, suspensão de desembolso ou aceleração de pagamento, as disposições deste Acordo continuarão inteiramente em vigor até que seja completado o pagamento de todo o Capital e quaisquer juros devidos.

SECÇÃO 7.06. Restituições.

- (a) No caso de qualquer desembolso não haver side justificado por documentação válida nos termos deste Contrato, ou de qualquer desembolso não haver porventura sido feito ou aplicado em conformidade com os termos deste Acordo, a A.I.D., sem prejuízo do direito de recorrer a quaisquer outras medidas admitidas neste Acordo, poderá exigir do Mutuário a restituição de tal quantia em dólares des Estados Unidos à A.I.D., restituição a ser efectuada dentro de noventa (90) dias após a recepção do pedido. Esta importância será aplicada, primeiramente e na medida do necessário, ao financiamento das mercadorias e serviços obtidos para os efeitos deste Acordo; o restante, se o houver, será aplicado às prestações de Capital por ordem inversa do seu vencimento, e o montante do Empréstimo será reduzido na exacta medida de tal remanescente. Sem prejuízo de qualquer outra disposição deste Acordo, o direito da A.I.D. de exigir uma restituição referente a qualquer desembolso feito nos termos deste Acordo manter-se-á válido pelo prazo de cinco anos, além da data do dito desembolso.
- (b) No caso de a A.I.D. receber de qualquer consultor, fornecedor ou instituição bancária, ou de qualquer outra entidade ligada ao Empréstimo, um reembolso referente a mercadorias ou serviços financiados pelo Empréstimo e de tal reembolso resultar de preço exagerado em relação ao praticado no mercado nacional pago por mercadorias e serviços ou por mercadorias e serviços que não foram adequados, a A.I.D. aplicará, primeiramente e na medida do necessário, tal reembolso ao custo de mercadorias e serviços contratados, e o restante será aplicável às prestações de Capital por ordem inversa do seu vencimento, sendo o montante do Empréstimo reduzido pelo valor de tal remanescente.

SECÇÃO 7.07. Despesas de cobrança. Todas as despesas razoáveis, para além dos vencimentos do seu pessoal, que a A.I.D. baha que realisar por virtude de cobrança de quaisquer reembolses ou em ligação com importâncias devidas à A.I.D. como resultado da ocorrência de qualquer dos acontecimentos referidos na Secção 7.02, poderão ser debitadas ao Mutuário e por este reembolsadas à A.I.D. pela forma a indicar por esta.

SECÇÃO 7.08. Não desistência do direito de exigir reparações. Nenhum atraso ou ausêncio de exercício de qualquer regalia ou direito, incluindo o de exigir reparação, de que goze à A.I.D. nestes termos deste Acordo, poderá ser interpretado como renúncia a tal regalia ou direito, incluindo o de exigir reparação, ou a qualquer outra regalia ou direito, incluindo o de exigir reparação, derivados deste Acordo.

ARTIGO VIII

Disposições diversas

SECÇÃO 8.01. Comunicações. Qualquer notificação, pedido, documento ou outra comunicação, efectuado ou enviado pelo Mutuário ou A.I.D., em conformidade com este Acordo, será apresentado por escrito, telegrama ou radiograma, e será considerado como tondo sido devidamente feito ou enviado à parte contratante a que se destine quando for entregue a essa parte, por mão própria, correio, telegrama ou radiograma, nos endereços seguintes:

PARA O MUTUÁRIO:

Endereço postal e telegráfico: Ministro das Finanças
Rua da Alfândega
Lisboa, Portugal

PARA A A.I.D.:

Endereço postal e telegráfico: A.I.D. Representative
Embassy of the United States
of America
Lisbon, Portugal

Estes poderão ser substituídos por outros endereços, depois de feita a respetiva notificação.

SECÇÃO 8.02. Representantes. Para todos os fins deste Acordo, o Mutuário será representado pela pessoa que desempenhe o cargo de Ministro das Finanças e a A.I.D. será representada pela pessoa encarregada da representação da A.I.D. na Embaixada dos Estados Unidos da América, em Lisboa. Tais representantes terão a faculdade de designar, por notificação escrita, representantes adicionais. No caso de qualquer substituição ou designação de novo representante, o Mutuário apresentará uma declaração contendo o nome e o espécime da assinatura da pessoa designada, com a forma e a substância

que a A.I.D. considere satisfatórias. Até receber notificação escrita da revogação dos poderes conferidos a qualquer representante, devidamente autorizado, do Mutuário, nomeado em conformidade com o disposto nesta secção, a A.I.D. poderá continuar a considerar as assinaturas de tal ou tais representantes constantes de qualquer instrumento relativo a este Acordo, como prova iniludível de que qualquer acção desencadeada por tal instrumento está devidamente autorizada.

SECÇÃO 8.03. Cartas de Execução. A A.I.D. emitirá Cartas de Execução que, com a aceitação do Mutuário, indicarão as formalidades aplicáveis com referência à execução deste Acordo.

SECÇÃO 8.04. Promissórias. Sempre que a A.I.D. o requeira, o Mutuário emitirá promissórias ou qualquer outro título de dívida relativamente ao Empréstimo, na forma que ambas as Partes possam acordar entre si. O modelo de tal título será acordado entre o Mutuário e a A.I.D.

SECÇÃO 8.05. Termo após integral pagamento. Após o pagamento integral do Capital e de quaisquer juros devidos cessarão os efeitos deste Acordo, assim como de todas as obrigações do Mutuário e da A.I.D., de harmonia com este Acordo.

Em Testemunho Do Que, o Mutuário e os Estados Unidos da América, por intermédio dos seus representantes devidamente autorizados, fizeram assinar este Acordo em seu nome, que se considera celebrado na data indicada no início do texto.

PELO GOVERNO PORTUGUÊS PELOS ESTADOS UNIDOS DA AMÉRICA

JOSÉ MEDEIROS FERREIRA

FRANK CARLUCCI

ANEXO A

O Projecto consiste na construção e equipamento de aproximadamente vinte escolas preparatórias e secundárias em várias localidades através de Portugal, e aquisição de aproximadamente \$100.000 de equipamento fabricado nos Estados Unidos para uso na televisão educativa.

As escalas contempladas pelo Projecto estão incluídas no programa geral de construções do Ministério da Educação, que prevê a criação de cerca de 215 novas escolas preparatórias e secundárias (5190 salas de aula) durante o período quinquenal 1976-1980.

A lista das escolas cujo financiamento a A.I.D. se compromete a auxiliar constitui o Quadro I anexo. Se por quaisquer circunstâncias for necessário introduzir alterações nesta lista, serão as mesmas consideradas pela A.I.D. após consulta feita ao Mutuário.

QUADRO I

Lista de Escolas Preparatórias e Secundárias

1. Escola secundária em Vale de Cambra, Distrito de Aveiro
2. Escola preparatória em Ourique, Distrito de Beja
3. Escola secundária em Serpa, Distrito de Beja
4. Escola preparatória em Silves, Distrito de Faro
5. Escola secundária em Porto de Mós, Distrito de Leiria
6. Escola secundária em Azambuja, Distrito de Lisboa
7. Escola preparatória em Olivais (Lisboa), Distrito de Lisboa
8. Escola preparatória em Damaia (Oeiras), Distrito de Lisboa
9. Escola preparatória em Miraflores (Oeiras), Distrito de Lisboa
10. Escola preparatória em Leça da Palmeira (Matozinhos) Distrito do Porto
11. Escola preparatória em Paços Ferreira, Distrito do Porto
12. Escola preparatória em Penafiel, Distrito do Porto
13. Escola preparatória em Tramagal, (Abrantes), Distrito de Santarém
14. Escola preparatória em Alpiarça, Distrito de Santarém
15. Escola preparatória em Golegã, Distrito de Santarém
16. Escola secundária em Baixa da Banheira, Distrito de Setúbal
17. Escola preparatória em Alijó, Distrito de Vila Real
18. Escola secundária em Alijó, Distrito de Vila Real
19. Escola preparatória em Montalegre, Distrito de Vila Real
20. Escola preparatória em Resende, Distrito de Viseu
21. Escola secundária em Estreito, (Câmara de Lobos), Distrito do Funchal
22. Escola preparatória nos Açores em lugar(es) a ser decidido.

INDIA

Agricultural Commodities

*Agreement signed at New Delhi February 3, 1977;
Entered into force February 3, 1977.
With agreed minutes.*

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF INDIA
FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and
the Government of India,

Recognizing the desirability of expanding trade in
agricultural commodities between the United States of America
(hereinafter referred to as the exporting country) and India
(hereinafter referred to as the importing country) and with other
friendly countries in a manner that will not displace usual
marketings of the exporting country in these commodities or
unduly disrupt world prices of agricultural commodities or
normal patterns of commercial trade with friendly countries;

Taking into account the importance to developing countries of
their efforts to help themselves toward a greater degree of self-
reliance including efforts to meet their problems of food
production and population growth;

Recognizing the policy of the exporting country to use its
agricultural productivity to combat hunger and malnutrition in
the developing countries, to encourage these countries to improve
their own agricultural production, and to assist them in their
economic development;

Recognizing the determination of the importing country
to improve its own production, storage, and distribution of
agricultural food products, including the reduction of waste in
all stages of food handling;

Desiring to set forth the understandings that will govern
the sales of agricultural commodities to the importing country
pursuant to Title I of the Agricultural Trade Development and
Assistance Act, as amended [1] (hereinafter referred to as the Act),
and the measures that the two Governments will take individually
and collectively in furthering the above-mentioned policies;

¹ 68 Stat. 454; 7 U.S.C. § 1701 *et seq.*

Have agreed as follows:

PART I - GENERAL PROVISIONS

ARTICLE I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to:

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of

financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no obligation to reimburse the Government of the exporting country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation-for such commodities.

H. The financing, sale, and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

ARTICLE II

A. Initial Payment

The Government of the importing country shall pay, or cause to be paid, such initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. Currency Use Payment

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103 (b) of the Act (hereinafter referred to as the Currency Use Payment). The Currency Use Payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for Currency Use Payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsections 104(a), (b), (e), and (h) of the Act, as set forth in Part II of this agreement. Such payment shall be credited against (a) the amount of each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year,

plus (b) the combined payments of principal and interest starting with the first installment payment, until the value of the Currency Use Payment has been offset. Unless otherwise specified in Part II, no requests for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein. Special provisions relating to the sale are also set forth in Part II.

D. Credit Provisions

1. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of the dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the Initial Payment payable to the Government of the exporting country.

The principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for commodities delivered in each calendar year shall be paid as follows:

a. In the case of Dollar Credit, interest shall begin to accrue on the date of last delivery of these commodities in each calendar

year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made annually and not later than the due date of each instalment payment of principal.

b. In the case of Convertible Local Currency Credit, interest shall begin to accrue on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in each calendar year, except that if the installment payments for these commodities are not due on some anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments.

3. For the period of time from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

E. Deposit of Payments

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates provided for in this agreement as follows:

1. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D.C. 20250, unless another method of payment is agreed upon by the two Governments.

2. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

F. Sales Proceeds

The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreement, to be applied to the economic development purposes set forth in Part II of this agreement, shall be not less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with the financing of the commodities (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the Currency Use Payment, if any, made by the Government of the importing country. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government

of the importing country to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish, in accordance with its fiscal year budget reporting procedure, at such times as may be requested by the Government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in case of expenditures the budget sector in which they were used.

G. Computations

The computation of the Initial Payment, Currency Use Payment and all payments of principal and interest under this agreement shall be made in United States dollars.

H. Payments

All payments shall be in United States dollars or, if the Government of the exporting country so elects,

1. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement; or
2. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or

used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement in the importing country.

ARTICLE III

A. World Trade

The two Governments shall take maximum precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in this agreement as friendly countries). In implementing this provision the Government of the importing country shall:

1. insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered. The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this agreement.

2. take steps to assure that the exporting country obtains a fair share of any increase in commercial purchases of agricultural commodities by the importing country.

3. take all possible measures to prevent the resale, diversion in transit, or transshipment to other countries or

the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, diversion in transit, transshipment or use is specifically approved by the Government of the United States of America); and

4. take all possible measures to prevent the export of any commodity of either domestic or foreign origin which is defined in Part II of this agreement during the export limitation period specified in the export limitation table in Part II (except as may be specified in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. Private Trade

In carrying out the provisions of this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. Self-Help

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. Reporting

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the supply period specified in Part II, Item I of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized:

1. the following information in connection with each shipment of commodities under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; and the condition in which received;
2. a statement by it showing the progress made toward fulfilling the usual marketing requirements;
3. a statement of the measures it has taken to implement the provisions of Sections A 2 and 3 of this Article; and
4. statistical data on imports by country of origin and exports by country of destination, of commodities which are the same as or like those imported under the agreement.

E. Procedures for Reconciliation and Adjustment of Accounts

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records on the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. Definitions

For the purposes of this agreement:

1. delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier,
2. import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country, and
3. utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

G. Applicable Exchange Rate

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest exchange rate obtainable by any other nation. With respect to local currency:

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.

2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this Section G.

H. Consultation

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement.

I. Identification and Publicity

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity in the same manner as provided for in Subsection 103(1) of the Act.

PART II - PARTICULAR PROVISIONS:Item I. Commodity Table

<u>Commodity</u>	<u>Supply Period</u>	<u>Approximate Maximum Quantity (Metric Tons)</u>	<u>Maximum Export Market Value (U.S. million)</u>
Soybean/cottonseed oil	USFY 1977	50,000	\$26.0

Item II. Payment TermsConvertible Local Currency Credit

- A. Initial Payment - 5 percent
- B. Currency Use Payment - None
- C. Number of Installment Payments - 31
- D. Amount of Each Installment Payment - Approximately equal annual amounts.
- E. Due Date of First Installment - Ten years after date of last delivery of commodities in each calendar year.
- F. Initial Interest Rate - 2 percent per annum
- G. Continuing Interest Rate - 3 percent per annum

Item III. Usual Marketing Table:

<u>Commodity</u>	<u>Import Period</u>	<u>Usual Marketing Requirements (Metric Tons)</u>
Edible vegetable oil and/or oil bearing seeds (oil equivalent basis)	USFY 1977	50,000

Item IV. Export Limitations:

A. The export limitation period shall begin on the date the Agreement is signed and shall extend through U.S. Fiscal Year 1977 or any subsequent U.S. Fiscal Year during which commodities financed under this agreement are being imported or utilized.

B. For the purpose of Part I, Article III A (4) of the Agreement, the commodities which may not be exported are: for soybean/cottonseed oil - all edible vegetable oils, including peanut oil, soybean oil, cottonseed oil, sunflower oil, sesame oil, rapeseed oil, and any other edible oil bearing seeds from which these oils are produced.

C. Permissible Exports:

<u>Commodity</u>	<u>Quantity</u> (Metric Tons)	<u>Export Period</u> (US Fiscal Year)
Edible vegetable oil and/or oil bearing seeds oil equivalent basis	2,700	1977

D. During U.S. Fiscal Year 1977, the export limitations shall not apply to Indian handpicked select peanuts (HPS) for direct human consumption.

Item V. Self-Help Measures:

A. In implementing these self-help measures, specific emphasis will be placed on contributing directly to development progress in poor rural areas and on enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of India agrees to:

- increase the output and distribution of agricultural inputs (fertilizer, seeds, tools, equipment) in order to expand production and increase the efficiency of land utilization.

- expand and improve the storage of grains and other agricultural commodities through silos, warehouses and

cold-storage facilities.

- continue to develop crop research programs, especially those crops which show promise of substantially increased production (e.g., rice, oilseeds).

- further develop research and operating programs to control the major insects and diseases that attack agricultural crops, both in the field and in storage.

- expand the area under soil conservation and land management practices.

- improve the management of water resources by means of drainage, land leveling, tubewells and irrigation practices.

- develop techniques for increasing the productivity of dry land farming. This information will then be extended to farmers in those areas.

- pursue a program of multiple cropping so as to increase the efficiency of resource use.

- carry forward policies that will encourage farmers to produce at a maximum rate by providing price supports, on-farm storage facilities, marketing assistance, and credit.

Item VI. Economic Development Purposes for Which Proceeds Accruing to Importing Country Are to be Used:

A. The proceeds accruing to the importing country from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in the agreement and for the following agricultural and economic development sectors: agriculture, water resources, and health and population planning.

B. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

PART III - FINAL PROVISIONS

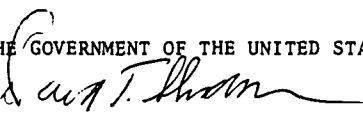
A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, and by the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

B. This agreement is done in duplicate in both the English and Hindi languages. In the event of conflict, the English text shall govern.

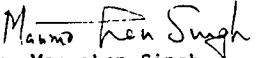
This agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement. DONE at New Delhi, in duplicate, this third day of February 1977.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:


David T. Schneider
Charge d'Affaires ad interim of the United States of America

FOR THE GOVERNMENT OF INDIA:


Dr. Manmohan Singh
Secretary
Department of Economic Affairs

AGREED MINUTES
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA (USG)
AND THE GOVERNMENT OF INDIA (GOI)
REGARDING THE
PUBLIC LAW 480 TITLE I AGREEMENT FOR FISCAL YEAR 1977

1. General - The representatives of the two governments discussed in detail the provisions of the proposed agreement and reviewed the legislative background of food assistance programs under the Agricultural Trade Development and Assistance Act of 1954 (commonly called PL 480). USG officials pointed out that (a) the proposed Title I agreement currently being negotiated incorporated provisions and terms similar to those contained in the Title I agreement the GOI signed in 1976,^[1] (b) Parts I and III of the new agreement are standard provisions for all Title I agreements, and (c) Part II is tailored to specific terms and conditions of the participating recipient country. GOI officials indicated their general understanding of these individual provisions of the agreement.

2. Operational Provisions - The following operational aspects and special provisions applicable to Title I agreements were reviewed:

A. The GOI will designate one or more persons in the United States to consult with representatives of the USG to discuss the rules and procedures applicable to procurement, financing, reporting and ocean transportation.

B. Commodities are to be purchased from private U.S. suppliers and actual prices agreed upon between buyers and sellers are subject to price review by United States Department of Agriculture (USDA), which has been a practice for several years. In addition, Purchase Authorizations issued under this agreement will contain requirements that invitations for bid for both commodity and freight must be submitted to the Office of the General Sales Manager/USDA/Washington for review prior to their release to prospective bidders.

C. The GOI will designate individuals or agencies in the recipient country with whom representatives of the USG may

¹ TIAS 8312; 27 UST 2331.

consult regarding the implementation of the agreement, such as (a) commodity arrival and off-loading information, (b) marking or identifying and publicizing arrivals, (c) assurances against resale and transshipment, (d) compliance with usual marketing requirements, (e) data relating to imports and exports, (f) carrying out self-help measures, and (g) reconciliation of accounts.

D. If the GOI engages the services of a U.S. person or firm as its agent to handle procurement of the commodity and/or ocean transportation, such agent must be approved by the United States Department of Agriculture (USDA). A copy of the written agreement between the Government of India and the United States agent must be submitted to USDA for approval prior to the issuances of applicable purchase authorizations.

E. The GOI agrees to the identification of commodities received and to publicize the agreement.

F. Purchases in fulfillment of the Usual Marketing Requirements (UMRs) are to be financed by the GOI from its own resources. Commercial imports from certain countries, and commodities imported as donations, grants, or concessional sales from the U.S. or other sources, cannot be counted toward the UMRs.

G. Should the USG authorize and finance deliveries of Title I commodities to extend beyond the supply period specified in Part II of the agreement, the GOI will be required to maintain the same UMR and export limitation provisions again for the subsequent comparable supply period under this agreement as specified in Article III A.1 and 4 of Part I. If a UMR different from that established in the agreement is deemed appropriate, the agreement will be amended.

H. The USG will take the following into consideration in determining the timing and terms and conditions of Purchase Authorizations: (1) availabilities of commodities, (2) crops

of the United States and India, (3) availability of ocean shipping space, (4) ability of India to receive the commodity, (5) market implications, and (6) the overall interest of the U.S. Government. Extensions of terminal contracting and delivery dates as a general rule are not made.

3. Additional Understandings:

A. Commodity Composition

The USG would hope to provide GOI with an additional quantity of vegetable oil in fiscal year 1977. USG ability to supply the additional amount will depend on availability of vegetable oil later this year and budgetary considerations.

B. Section 103 (O) - Fair Share Amendment

The United States negotiators brought to the attention of the Indian Government representatives the "fair share" provision of Section 103 (O) of the Act. It was explained that this provision is designed to assure that the United States share in any increases in commercial purchases of agricultural commodities by the purchasing country.

C. Reporting Requirements

The USG representative reminded the GOI representatives of their responsibilities for submission of timely reports on compliance, arrival and shipping information (ADP sheets), self-help and use of sale proceeds as required under the provisions of the agreement and as qualified in these minutes.

D. Self-Help Reporting

With reference to Part I, Article III. C of the Agreement, it is agreed that the report on self-help measures in Part II, Item V, will be furnished annually by the Government of India; the first report to be submitted on or before December 1, 1977, with subsequent reports to be furnished annually thereafter in a mutually agreed form. The report will describe progress made on the specific emphasis described in paragraph A of Item V in reporting on the particular items mentioned in paragraph B. Representatives

of either government may request consultations before the report is formally submitted. These reports will be submitted until such time as the sales proceeds have been utilized.

E. Payment Provisions:

The U.S. Government will require payments in dollars under this PL 480 Title I agreement, and, therefore, the language relating to local currency in Article II.E.2 and Article II.H. and Article III.G. of Part I would not be applicable.

Since no Currency Use Payments (CUP) will be requested under this Title I, PL 480 agreement, the language that relates to Currency Use Payment in Article II.B.G. and H of Part I and Item II.2 of Part II would not be applicable.

With reference to reporting under Article II.F. of Part I and Item VI of Part II, the Government of India may use the proceeds of commodities financed under this agreement for financing economic development programs specified in Items V and VI of Part II of this agreement and certifies such use annually ^{in a ~~way~~} agreed form which will include a financial breakdown of the sectors in which the proceeds were used. Loans made out of sales proceeds will be on normal Government of India terms.

F. Explanation of Cost and Value Figures

The export market value of commodities shown in Part II of the agreement represents the total amount for which Purchase Authorizations (PAs) may be issued and includes the Initial Payment (IP). The quantity of commodities shown in Part II are approximations based on estimates of export market prices. If commodity prices increase, the quantity to be financed under the agreement will be less than the approximate maximum quantity set forth in Part II. Should commodity prices decrease, however, the quantities of commodities to be financed may be limited to those specified in Part II.

Although the U.S. is hopeful of supplying all the commodities in the agreement, because of supply and budgetary limitations, it may become necessary to withhold some shipments during the supply period or possibly carry over shipments into the next supply period. Purchase Authorizations may be limited to certain increments.

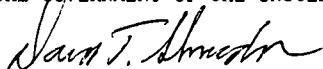
G. Ocean Transportation

The USG has a legislative requirement that not less than 50 percent of Title I PL 480 commodities are required to be shipped on U.S. flag vessels; ocean transportation costs will not be financed under the agreement; but the USG will pay the differential costs between US and foreign flag rates on the approximately 50 percent of commodities required to be shipped in U.S. flag vessels.

H. This agreement is done in duplicate in both the English and Hindi languages. In the event of conflict, the English text shall govern.

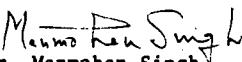
New Delhi, February 3, 1977

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:



David T. Schneider
Charge d'Affaires ad interim of the United States of America

FOR THE GOVERNMENT OF INDIA:


Dr. Manmohan Singh
Secretary
Department of Economic Affairs

कूषिं वस्तुबों की किंति के लिए

संयुक्त राज्य अमेरिका की सरकार

और

भारत सरकार

के बीच

करार

संयुक्त राज्य अमेरिका की सरकार और भारत सरकार ने, संयुक्त राज्य अमेरिका (जिसे इसके पश्चात नियांत्रिकर्ता देश कहा गया है) और भारत (जिसे इसके पश्चात जायात्रकर्ता देश कहा गया है) के बीच और बन्ध मित्र देशों के साथ कूषिं वस्तुबों के व्यापार को इस रीति से बढ़ाने की वाहनीयता को स्वीकार करते हुए कि इन वस्तुबों में नियांत्रिकर्ता देश की सामान्य किंति जब्तवस्थित न हो जाए या कूषिं वस्तुबों की बन्तराष्ट्रीय कीमतों के स्तर में बथ्था मित्र देशों के साथ होने वाले वाणिज्यिक व्यापार के सामान्य स्वरूप का बनुचित विघटन न हो ;

विकासशील देशों के द्वारा अपेक्षाकृत अधिकाधिक आत्म-निर्भरता प्राप्त करने के लिए किस जाने वाले प्रयत्नों के महत्व को ध्यान में रखते हुए, जिनमें उनके द्वारा साथ उत्पादन और जनसंख्या की बढ़ियाँ की अपनी समस्याओं को हल करने के लिए किस जाने वाले उपाय शामिल हैं ;

विकासशील देशों में भूख और कुपोषण को दूर करने के लिए अपने कूषिं उत्पादन का उपयोग करने, इन देशों को कूषिं उत्पादन को बढ़ाने के लिए प्रोत्साहा देने और इन्हें अपने वार्धक्य विकास के काम में सहायता देने जी नियांत्रिकर्ता देश की नीति को स्वीकार करते हुए ;

जायातकर्ता देश द्वारा अपने कृषि साध पदार्थों के उत्पादन, संग्रह और वितरण में सुधार करने के नियम को स्वीकार करते हुए, जिसमें साध पदार्थों के उठाने-खेलने के सभी दाँरों में होने वाली साध पदार्थों की हानि को कम से कम करने के प्रयत्न भी शामिल हैं ; और

उस पावना को मूर्ति रूप देने की इच्छा से जिसके बधीन, यथासंशोक्ति कृषि व्यापार विकास और सहायता बघिन्यम के (जिसे इसमें इसके पश्चात 'बघिन्यम' कहा गया है) शीर्ष I के बनुसरण में, जायातकर्ता देश को कृषि वस्तुओं की बिक्री की जाएगी और उन उपार्थों को निर्धारित करने की इच्छा से, जो दोनों सरकारें उपर्युक्त नीतियों के संवर्धन के लिए बलग-बलग और संयुक्त रूप से अपनाएंगी ;

निष्पलिलित रूप से समत हुई है :

माग I - सामान्य उपबंध

बनुच्छेद I

क. नियांतकर्ता देश की सरकार, इस करार में निर्धारित शर्तों के अनुसार, जायातकर्ता देश की सरकार द्वारा प्राक्षित सरीदारों को कृषि वस्तुओं की बिक्री के लिए एक देनेका दायित्व लेती है।

ल. इस करार के माग II में निर्दिष्ट कृषि वस्तुओं के लिए एक की व्यवस्था निष्पलिलित व्यवस्था के बधीन होगी :

1. नियांतकर्ता देश द्वारा सरीद के प्राक्षित पत्रों का जारी किया जाना और जायातकर्ता देश की सरकार द्वारा उनको स्वीकार किया जाना ; और
2. नियांति के समय विशिष्ट वस्तुओं का उपलब्ध होना ।

ग. सरीद के प्राक्षिकार पत्रों के लिए आवेदनपत्र इस करार के लागू होने की तारीख से 90 दिन के बन्दर बन्दर और अतिरिक्त वस्तुओं या वस्तुओं की अतिरिक्त मात्रा के संबंध में, जिनकी व्यवस्था पूरक करारों में की गई हो, आवेदनपत्र उन पूरक करारों के लागू होने की तारीख से 90 दिन के बन्दर बन्दर दिस जारंगे। सरीद के प्राक्षिकार पत्रों में इन वस्तुओं की किंतु और छिलीवरी से संबंधित उपबंध बाँर बन्ध सम्बद्ध बातें शामिल होंगी।

घ. उन मामलों को छोड़कर, जिनमें नियांतकर्ता देश द्वारा बन्धया प्राक्षिकार दिया गया हो, इस करार के बन्तर्गत बेंची गई वस्तुओं की सभी छिलीवरी माग II में वस्तु-तालिका में दी गई पूर्ति की निर्धारित अवधियां में की जारंगी।

ड. इस करार के बन्तर्गत प्राक्षिकृत किसी विशिष्ट प्रकार के सर्वे के लिए सरीद-प्राक्षिकारों के बन्तर्गत बाने वाली प्रत्येक वस्तु के कुल परिमाण का मूल्य, माग II में उस वस्तु के संबंध में निर्दिष्ट अधिकतम किंतु मूल्य से बाँर उस प्रकार के सर्वे की रकम के लिए निर्धारित अधिकतम राशि से अधिक नहीं होगा। नियांतकर्ता देश की सरकार, कीमतों में कमी हो जाने पर या विषणन संबंधी बन्ध आवश्यकतावां को ध्यान में रखते हुए, किसी विशिष्ट प्रकार के सर्वे के लिए सरीद-प्राक्षिकारों के बन्तर्गत बाने वाली प्रत्येक वस्तु के कुल मूल्य को सीमित कर सकती है ताकि किसी विशिष्ट प्रकार के विच-प्रबंध के बन्तर्गत बेंची गई वस्तु माग II में निर्धारित अधिकतम मात्रा से बहुत अधिक न बेंची जाए।

च. नियांतकर्ता देश की सरकार उन वस्तुओं के समुद्दी पाड़े के सर्वे के बन्तर्गत को बहन करेगी, जिनकी द्वारा नियांतकर्ता देश की सरकार के अनुसार, संयुक्त राज्य अमेरिका के काण्डे वाले जहाजों के द्वारा की जाएगी (इस करार के बन्तर्गत बेंची जाने वाली वस्तुओं के वजन का लगभग 50 प्रतिशत)। समुद्दी

भाड़े के बन्तर से अभिष्राय, नियंत्रिकर्ता देश की सरकार द्वारा निर्धारित उस राज्य से है जो संयुक्त राज्य अमेरिका के फण्डे वाले जहाजों द्वारा वस्तुओं की हुलाई की शर्त के कारण समुद्री हुलाई की लागत में (अन्यथा वाने वाली लागत की अपेक्षा) वृद्धि के बराबर हो। नियंत्रिकर्ता देश की सरकार समुद्री भाड़े के बन्तर की जो रक्षा वहन करेगी उस रक्षा की प्रतिष्ठाता नियंत्रिकर्ता देश की सरकार को करने का कोई वायातकर्ता देश की सरकार पर नहीं होगा।

छ. जिन वस्तुओं की हुलाई संयुक्त राज्य अमेरिका के फण्डे वाले जहाजों द्वारा की जानी हो, उनके लिए संयुक्त राज्य अमेरिका के फण्डे वाले जहाजों में जाह के लिए संविदा करने के तुरन्त बाद बाँर किसी भी हालत में बच्चा से अधिक लदान के लिए जहाजों के प्रस्तुत होने तक, वायातकर्ता देश की सरकार या उसके द्वारा प्राधिकृत लरीदार इन वस्तुओं के जहाजी परिवहन की बनुमानित लागत के लिए, संयुक्त राज्य अमेरिकी डालरों में एक साख-पत्र लालेंगे।

ज. यदि दोनों में से कोई भी सरकार यह समझती है कि परिस्थितियों में परिवर्तन हो जाने के कारण इस करार के बन्तर्गत वस्तुओं पर लर्च करना, किंतु या छिलीवरी जारी रखना गैर-ज़रूरी या अवाक्षणीय है तो वह सरकार इस करार के बन्तर्गत किए जाने वाले लर्च, किंतु या छिलीवरी को बंद ज़र सकती है।

अनुच्छेद II

क. प्रारम्भिक अदायगी

वायातकर्ता देश की सरकार बारम्प में उतनी रक्षा बदा करेगी या कराएगी जितनी कि इस करार के पार II दे निर्दिष्ट की गई होगी।

यह रकम क्य मूल्य का (उसमें शामिल समुद्री परिवहन लागत को क्षोड़कर) देश होगी और भाग II में प्रारम्भिक बदायगी के लिए निर्दिष्ट प्रतिशत के बराबर होगी और लागू होने वाले सरीद-प्राथिकारों के बनुसार संयुक्त राज्य अमेरिकी डालरों में की जाएगी ।

ख. बदायगी मुद्रा

बायातकर्ता देश की सरकार नियांतकर्ता देश की सरकार द्वारा बदायगी की मांग किस जाने पर उतनी राशि, जितनी कि नियांतकर्ता देश द्वारा निर्धारित की जाए, और हर हालत में इस करार के अन्तर्गत वस्तु क्षण निगम द्वारा अन्तिम संवितरण किस जाने के बाद अधिक से अधिक एक साल के अन्दर या पूर्ति की अवधि के समाप्त होने पर, इनमें से जो भी बाद में हो, अधिक्षियम की धारा 103 (क) के अनुसरण में जैसाकि इस करार के भाग II में निर्दिष्ट किया गया है, बदायगी (जिसे इसके पश्चात स्थानीय मुद्रा में बदायगी कहा गया है) करेंगी या करारगी । स्थानीय मुद्रा में की गई यह बदायगी नियांतकर्ता देश द्वारा दी गई राशि के उस मांग के बराबर होगी जो भाग II में स्थानीय मुद्रा में बदायगी के लिए निर्दिष्ट प्रतिशत के बराबर होगा । यह बदायगी पेराग्राफ 'ज' के बनुसार और अधिक्षियम की उप-धारा 104 (क), (ल), (ड.) और (ज) में निर्दिष्ट प्रयोजनों के लिए की जाएगी जैसाकि इस करार के भाग II में निर्धारित है । इस बदायगी को (क) पहले वर्ष से शुरू करके प्रत्येक वर्ष की व्याज की बदायगी की राशि, जो पहली किस्त की बदायगी की निर्धारित तारीख से पहले की अवधि में केय होगी, और (ल) पहली किस्त की बदायगी से लेकर उस समय तक, जब तक कि स्थानीय मुद्रा में बदायगी का मूल्य पूरा नहीं हो जाता, मूलधन और व्याज की संयुक्त बदायगी के लिए ज्ञा में दिलाया जाएगा । जबतक भाग II में अन्यथा निर्दिष्ट न हो, इस करार के अन्तर्गत नियांतकर्ता देश के वस्तु क्षण निगम द्वारा पहला संवितरण किस जाने से पहले नियांतकर्ता देश की सरकार द्वारा बदायगी के लिए कोई बनुरोध नहीं किया जाएगा ।

ग. विच प्रबंध की प्रणाली

पाग II में निर्दिष्ट वस्तुओं की क्रिया के लिए रकम की व्यवस्था इसी पाग में निर्धारित प्रणाली के बनुसार की जाएगी। क्रिया से संबंधित विशेष उपबंध मी पाग II में निर्धारित किए गए हैं।

घ. क्रण संबंधी उपबंध

1. इस करार के अन्तर्गत प्रत्येक क्लेप्टर वर्ष में छिलीवर की गई वस्तुओं के संबंध में दिए गए क्रण के मूलधन में (जिसे इसमें इसके पश्चात मूलधन कहा गया है) इन वस्तुओं के लिए नियंत्रिकर्ता देश की सरकार द्वारा संवितरित डालर राशि (समुद्री परिवहन संबंधी सर्वे को छोड़कर) शामिल होगी जिसमें से नियंत्रिकर्ता देश की सरकार को देय प्रारंभिक बदायगी की रकम घटा दी जाएगी ।

मूलधन इस करार के पाग II में दिए गए बदायगी-ज्ञायक्रम के बनुसार लौटाया जाएगा । बदायगी की पहली किस्त इस करार के पाग II में निर्दिष्ट तारीख को देय और बदायगी-योग्य होगी । बदायगी की बाद की किस्तें उसके बाद एक स्वरूप वर्ष के अन्तराल पर देय और बदायगी-योग्य होंगी । मूलधन की कोई भी बदायगी उसकी निर्धारित तारीख से पहले की जा सकती है ।

2. प्रत्येक क्लेप्टर वर्ष में छिलीवर की गई वस्तुओं के संबंध में नियंत्रिकर्ता देश की सरकार को देय मूलधन की बदा न की गई शेष रकम पर व्याज इस प्रकार से चुकाया जाएगा :

क. डालर-क्रण के मामले में, प्रत्येक क्लेप्टर वर्ष में इन वस्तुओं की अन्तिम छिलीवरी की तारीख से व्याज लगना शुरू हो जाएगा । व्याज की बदायगी अधिक से अधिक, मूलधन की प्रत्येक किस्त की बदायगी की निर्धारित तारीख तक की जाएगी सिवाएँ इसके कि यदि पहली

किस्त की बदायगी की निर्धारित तारीख, अन्तिम छिलीवरी की ऐसी तारीख से एक वर्ष से अधिक समय बाद में हो, तो व्याज की पहली बदायगी अन्तिम छिलीवरी की ऐसी तारीख से एक वर्ष बाद की तारीख तक की जाएगी और उसके बाद व्याज की बदायगी हर वर्ष की जाएगी और यह बदायगी भी पूलधन की प्रत्येक किस्त की बदायगी की निर्धारित तारीख तक की जाएगी।

४. परिवर्तनीय स्थानीय मुद्रा कण के पामले में, नियंत्रित देश की सरकार द्वारा डालरों के संवितरण की तारीख से व्याज का लगाना शुरू हो जाएगा। यह व्याज प्रत्येक वर्ष बाद बदा किया जाएगा और बदायगी प्रत्येक केलेण्डर वर्ष में वस्तुबों की अन्तिम छिलीवरी की तारीख से एक वर्ष बाद शुरू होगी, सिवाए इसके कि यदि इन वस्तुबों के संबंध में किस्तों की बदायगियाँ, अन्तिम छिलीवरी की तारीख के बाले किसी वर्ष की उस तारीख को देय न हो, तो पहली किस्त की बदायगी की निर्धारित तारीख को लगाने वाला सेसा व्याज पहली किस्त की तारीख तो ही देय होगा और उसके बाद यह व्याज बाद की किस्तों की बदायगी की निर्धारित तारीखों को बदा किया जाएगा।

५. व्याज लगाना शुरू होने की तारीख से लेकर पहली किस्त की बदायगी की निर्धारित तारीख तक की अवधि के लिए व्याज का क्षिाब इस करार के माग II में निर्दिष्ट प्रारंभिक व्याज-दरों के अनुसार लगाया जाएगा। उसके बाद, व्याज का क्षिाब इस करार के माग II में निर्दिष्ट लगातार व्याज दरों के अनुसार लगाया जाएगा।

६. बदायगियों का जमा कराया जाना

आयातकर्ता देश की सरकार नियंत्रित देश की सक्षमताएँ निम्नलिखित ढंग से मुद्राओं और रकमों में और इस करार में दी गई विनियम दरों पर बदायगी करेगी या करवाएगी :

1. जब तक दोनों सरकारें अदायगी के लिसी अन्य तरीके पर सहत न हों तब तक डालरों में की जाने वाली अदायगी कोषाध या, वस्तु कण निगम, कृषि विभाग, संयुक्त राज्य अमेरिका, वाशिंगटन डीसी० 20250 को की जाएगी ।

2. आयातकर्ता देश की स्थानीय मुद्रा में की जाने वाली अदायगी जिसे (इसके बाद स्थानीय मुद्रा छहा गया है) आयातकर्ता देश में संयुक्त राज्य अमेरिका की सरकार द्वारा चुने गए क्षेत्रों में सव्याज लातों में संयुक्त राज्य अमेरिका की सरकार के क्षिक्षाब में जमा की जाएगी ।

च. किसी से प्राप्त रकम

इस कारार के अन्तर्गत दी गई रकम से लियी गई वस्तुओं की किसी से आयातकर्ता देश को प्राप्त होने वाली सारी रकम का उपयोग इस कारार के भाग II में बताए गए आर्थिक विभास के प्रयोजनों के लिए किया जाएगा और यह रकम (समुद्री माड़े के अन्तर को छोड़कर) नियंत्रिकर्ता देश की सरकार द्वारा वस्तुओं के लिये दी गई रकम के बराबर की स्थानीय मुद्रा की रकम से कम नहीं होगी बरतें कि इस प्रकार से उपयोग में लाई जाने वाली किसी से प्राप्त रकम में से आयातकर्ता देश की सरकार द्वारा स्थानीय मुद्रा में की गई अदायगी की राशि, यदि कोई हो, घटा दी जाएगी । इस स्थानीय मुद्रा का क्षिक्षाब उस विनियम दर पर रखा जाएगा जिस पर आयातकर्ता देश का केन्द्रीय मुद्रा प्राक्षिकरण या इसका प्राक्षिकृत सेप्ट इन्हीं वस्तुओं के वाणिज्यिक आयात के संबंध में स्थानीय मुद्रा के लिए विदेशी मुद्रा बनता है । किसी से प्राप्त रकम में से आयातकर्ता देश की सरकार द्वारा नियी और गैर-सरकारी संगठनों की कण के रूप में दी जाने वाली किसी राशि पर लगभग उसी दर पर व्याज लिया जाएगा जो आयातकर्ता देश में इसी प्रकार के क्षणों पर लगता है । आयातकर्ता देश की सरकार अपने यहाँ के वित्त वर्ष का बज्ट तैयार करने की प्रणाली के बनुसार, उतनी बार लेकिन एक साल में रकम से कम एक बार, जैसा कि नियंत्रिकर्ता देश की सरकार द्वारा बनुरोध किया

जार, आयातकर्ता देश के उपयुक्त लेसापरीज्ञा प्राक्षिकारी द्वारा सत्यापित किए से प्राप्त होने वाली बाय और सर्व का विवरण खेजी और बट्ट के उस संषद के बारे में रिपोर्ट देती जिसके अन्तर्गत उस रकम को सर्व के रूप में दिलाया गया है।

४. हिंसा-ब-किताब

प्रारम्भिक बदायगी, स्थानीय मुद्रा में की गई बदायगी और इस करार के अन्तर्गत की गई मूलधन और व्याज की सभी बदायगियाँ का हिंसा-ब-किताब अमरीकी डालरों में किया जाएगा।

ज. बदायगिया'

सभी बदायगियाँ अमरीकी डालरों में की जाएंगी या, अगर नियांतकर्ता देश की सरकार चाहे तो,

1. बदायगी बन्ध देशों की तत्काल परिवर्तनीय मुद्राओं में परस्मर संघर्ष विनियम दर पर की जाएगी और उसका हस्तेमाल नियांतकर्ता देश की सरकार द्वारा अपनी देनदारियों को चुकाने के लिए या, स्थानीय मुद्रा में बदायगियों के पामले में उसका हस्तेमाल इस करार के पाग I में निर्धारित प्रयोजनों के लिए किया जाएगा ; या

2. बदायगी की तारीख को प्रमाणी इस करार के पाग I, बनुच्छेद III, व में निर्दिष्ट सम्बद्ध विनियम दर पर स्थानीय मुद्रा में बदायगियों की जाएगी और नियांतकर्ता देश की सरकार की हच्छानुसार उसी दर पर अमरीकी डालरों में बदली जा सकेंगी या हच्छा हस्तेमाल नियांतकर्ता देश की सरकार द्वारा अपनी देनदारियों जो पूरा करने के लिए किया जाएगा या स्थानीय मुद्रा में बदायगियों के पामले में हच्छा हस्तेमाल आयातकर्ता देश में उन प्रयोजनों के लिए किया जाएगा जो इस करार के पाग II में निर्धारित किए गए हैं।

बनुच्छेद III

क. विश्व व्यापार

दोनों सरकारें यह सुनिश्चित करने के लिए अधिकतम सावधानी बरतेगी कि इस करार के अनुसार कृषि वस्तुओं की किसी से नियंत्रितता देश की इन चीजों की सामान्य किसी में कोई अव्यवस्था पैदा नहीं हो या इससे विश्व में कृषि वस्तुओं की कीमतों में या इसके परिणामस्वरूप नियंत्रितता देश के उन देशों के साथ, जिन्हें वह अपना मित्र देश मानता है (इस करार में जिन देशों का ज़िक्र मित्र देश के रूप में किया गया है) वाणिज्यिक व्यापार के सामान्य ढंग में अनुचित उथल पुथल नहीं हो। इस अव्यवस्था को कार्यान्वयित करने के लिए बायातकर्ता देश की सरकार :

1. यह सुनिश्चित करेगी कि नियंत्रितकर्ता देश और वन्य मित्र देशों से किस जाने वाले कुल बायात की मात्रा, जिसकी बायायगी बायातकर्ता देश के अपने साधनों से की गई हो, माग II में दी गई सामान्य विपणन सारणी में निर्दिष्ट प्रत्येक बायात अवधि में बाँौर उसके बाद की प्रत्येक तुलनात्मक अवधि में जिसमें इस करार की रकम से लगी दी गई वस्तुओं की छिलीवरी की जा रही हो, बायात की जाने वाली कृषि वस्तुओं की मात्रा के बराबर हो। प्रत्येक बायात अवधि में विपणन संबंधी इन सामान्य बावस्यकताओं की पूर्ति के लिए जिन वस्तुओं का बायात किया जाएगा वह इस करार के अन्तर्गत पूरी की जाने वाली लगीदारियों के लगावा होगा ।

2. यह सुनिश्चित करने के लिए उपाय करेगी कि बायातकर्ता देश कृषि वस्तुओं की जो विधि मात्रा वाणिज्यिक बाधार पर बाहर से लगीदे, उसमें से समुचित लगीदारी नियंत्रितकर्ता देश से भी की जाए ।

3. इस करार के अनुसार जरीदी गई कूष्ठि वस्तुओं को दुवारा बेचने, रास्ते में से ही उन्हें किसी और स्थान पर भेजने या जहाजों द्वारा उन्हें अन्य देशों को भेजने या देश में इस्तेमाल किए जाने के कलावा अन्य प्रयोजन के लिए इस्तेमाल करने से रोकने के लिए सभी संभव उपाय करेगी (जब तक कि संयुक्त राज्य अमेरिका की सरकार द्वारा इन वस्तुओं को दुवारा बेचने, रास्ते में से ही उन्हें किसी और स्थान पर भेजने या जहाजों द्वारा उन्हें अन्य देशों को भेजने या इस्तेमाल के संबंध में लास ताँर पर अनुमोदन न कर दिया गया हो) ; और

4. भाग II में नियंत्रित सीमा सारणी में निर्दिष्ट नियंत्रित सीमा अवधि में सेसी किसी देशी या विदेशी मूल की वस्तु के नियंत्रित को रोकने के सभी संभव उपाय करेगी जिन्हीं परिपाषां इस करार के भाग II में दी गई हैं (सिवाय उनके जिनका उल्लेख भाग II में किया गया है या ऐसा नियंत्रित जिसके संबंध में संयुक्त राज्य अमेरिका की सरकार द्वारा अन्यथा विशेष रूप से अनुमोदन कर दिया गया हो) ।

५. गंग-सरकारी व्यापार

इस करार के उपबंधों का पालन करने के लिए दोनों सरकारें वाणिज्य की ऐसी शर्त सुनिश्चित करेंगी जिनसे गंग-सरकारी व्यापारी प्रभावकारी ढंग से कार्य कर सकें ।

६. सहायता

भाग II में आयातकर्ता देश की सरकार का वह कार्यक्रम दिया गया है जो उसने कूष्ठि वस्तुओं के उत्पादन, संग्रह और वितरण में सुधार करने के लिए शुरू कर रही है । जब कभी नियंत्रिकर्ता देश की सरकार आयातकर्ता देश की सरकार से सहायता के हुए प्रयोगों में हुई प्रगति का विवरण जिस किसी रूप में देने का अनुरोध करेगी तब आयातकर्ता देश की सरकार उसे ऐसा विवरण उक्त रूप में भेजेगी ।

प. विवरण मेजना

दोनों सरकारों द्वारा परस्पर सम्मत बन्ध विवरणों के ब्लावा, आयातकर्ता देश की सरकार इस करार के पा ना II पद I में निर्दिष्ट पूर्ति अवधि में, और बाद की किसी समान अवधि में जिसमें इस करार के बन्तर्गत खरीदी गई वस्तुओं का आयात किया जा रहा हो या उनका इस्तेमाल किया जा रहा हो, कम से कम तिकाही विवरण देगी :

1. इस करार के बन्तर्गत वस्तुओं के प्रत्येक लदान के संबंध में निम्नलिखित सूचना ; प्रत्येक जहाज का नाम ; पहुँचने की तारीख ; पहुँचने की बंदगाह ; प्राप्त हुई वस्तु और उसकी मात्रा ; और स्थिति जिसमें पाल प्राप्त हुआ :

2. एक विवरण जिसमें सामान्य विषयान की आवश्यकताएँ पूरी करने के लिए की गई प्रगति दिलाई गई हो ।

3. इस बनुच्छेद की धारा क 2 और 3 के उपबंधों को विद्यान्वित करने के लिए उसके द्वारा किस गर उपायों का विवरण ; और

4. उन वस्तुओं के आयात के संबंध में उद्गम देशवार और नियंत्रित के संबंध में गतव्य देशवार बांकड़े जो इस करार के बन्तर्गत आयात की गई वस्तुओं जैसी या उन वस्तुओं के समान हों ।

ड. लेसाओं के मिलान और समायोजन की प्रक्रिया

दोनों सरकारों में से प्रत्येक सरकार, प्रत्येक क्लेण्डर वर्ष में सिपुदं की गई वस्तुओं के संबंध में विच प्रबंध के बीचन दी गई राशियों के सम्बद्ध रेकाउंट का मिलान करने के बाद जो सरल बनाने के लिए उपयुक्त तरीके कारणी । नियंत्रिकर्ता देश का वस्तु क्रण नियम और आयातकर्ता देश की सरकार अण सातों में ऐसा समायोजन कर सकते हैं जैसा कि वे परस्पर सम्मति से उपयुक्त समझते हों ।

व. परिमापार्द

इस करार के प्रयोजन के लिए :

1. **‘द्विवरी’** उस तारीख को हूँ मानी जाएगी जो समुद्री बिल्टी में लदान की तारीख द्विाईं गई हो वाँर जिसपर जहाज की बोर से पूरे या संक्षिप्त हस्ताक्षर किए हुए हों ।

2. **‘बायात’** उस समय हुआ मान लिया जाएगा जब वस्तु देश में दालिल हो गई हो वाँर बायातकर्ता देश की यदि कोई सीमाशुल्क चाँकी हो तो माल वहाँ से पास हो गया हो ।

3. **‘इस्तेमाल होना’** उस समय मान लिया जाएगा जब वस्तु बायातकर्ता देश में उसके इस्तेमाल पर किसी किस की रुकावट के बिना व्यापार के प्रयोजन से बेब दी जाएगी या वन्यथा देश में उपभोक्ताओं में वितरित कर दी जाएगी ।

इ. लागू विनियम दर

इस करार के प्रयोजन के लिए, नियांतकर्ता देश की सरकार को किसी स्थानीय मुद्रा में बदा की जाने वाली राशि निर्धारित करने के उद्देश्य से लागू विनियम दर बायातकर्ता देश द्वारा अदायगी की जाने की तारीख को प्रभावी दर होगी जो नियांतकर्ता देश की सरकार के लिए बायातकर्ता देश में कानूनी ताँर पर प्राप्त उच्चतम विनियम दर से कम अनुदूल नहीं होगी जाँर जो नियांतकर्ता देश के लिए किसी वन्य राष्ट्र से प्राप्त उच्चतम विनियम दर से कम नहीं होगी । स्थानीय मुद्रा के संबंध में :

1. जब तक बायातकर्ता देश में एकल विनियम दर प्रणाली की रहे तब तक लागू विनियम दर वह दर होगी, जिसपर बायातकर्ता देश का केन्द्रीय मुद्रा प्राधिकरण या इसका प्राधिकृत सेण्ट, स्थानीय मुद्रा लरीदने के लिए विदेशी मुद्रा बेबता हो ।

2. यदि एकल दर प्रणाली नहीं है, तो (दोनों सरकारों की परस्पर सम्मति से) लागू दर वह दर होगी, जो इस धारा ५ के पहले वाक्य की शर्त पूरी करती हो ।

ज. परामर्श

दोनों सरकारें, किसी एक सरकार के अनुरोध पर, इस कारार के अन्तर्गत उत्पन्न होने वाले किसी भी मामले के संबंध में परामर्श कर सकती हैं जिसमें इस कारार के अनुसार प्रबंधों का संचालन किया जाना भी शामिल है ।

क. निशान लगाना और प्रचार

बायातकर्ता^१ देश की सरकार अपने देश में वितरण के स्थानों पर साथ वस्तुओं पर निशान लगाने के लिए बाँर इस अधिनियम की उप-धारा 103 (1) में कार गए ढंग के अनुसार प्रचार करने के लिए सिपुदंगी से पहले ऐसे उपाय करेगी जिनके बारे में दोनों सरकारें सम्मत हों ।

भाग II - विशेष उपबंध :

मद I - वस्तु सारणी :

वस्तु	पूर्ति की जबाब्दि	अनुमानित अधिकात्म मात्रा	अधिकात्म नियांत्रि बाजार मूल्य
(अमेरिकी राजकोषीय वर्ष ^२)		मेट्रिक टन	
सौयाबीन 1977 विनांले का तेल	50,000	2 करोड़ 60 लाख डालर	

पद II बदायगी की ज्ञाती :

परिवर्तनीय स्थानीय मुद्रा क्रण

- क. प्रारम्भिक बदायगी - 5 प्रतिशत
- ख. स्थानीय मुद्रा में बदायगी - शून्य
- ग. बदायगी की किस्तों की संख्या - 31
- घ. प्रत्येक वार्षिक किस्त की राशि - लगभग समान
वार्षिक राशि
- ड. पहली किस्त की बदायगी की तारीख - प्रत्येक क्लैण्डर वर्ष में
वस्तुओं की अन्तिम सिपुदर्दगी की तारीख से 10 वर्ष बाद।
- च. व्याज की प्रारम्भिक दर - 2 प्रतिशत प्रतिवर्ष
- झ. लगातार व्याज की दर - 3 प्रतिशत प्रतिवर्ष

पद III सामान्य विपणन सारणी :

वस्तु	बायात-वर्षिक (अमेरिकी राजकोषीय वर्ष)	सामान्य विपणन संबंधी बावजूदता (मेट्रिक टन)
साथ कनास्पती	1977	50,000
तेल तथा जूथा		
तेल वाले बीच (तेल के आधार पर)		

पद IV नियांत सीमा :

- क. नियांत सीमा वर्धि हस करार पर हस्ताचार होने की तारीख
से शुरू होगी और अमेरिकी राजकोषीय वर्ष, 1977 या बाद के किसी अमेरिकी
राजकोषीय वर्ष तक चलेगी जिसमें हस करार के बन्तर्गत विरन्पांचित वस्तुओं
का बायात किया जा रहा हो या उनका इस्तेमाल किया जा रहा हो।

सं^० इस करार के माग I , अनुच्छेद III क(4) के प्रयोजन के लिए, जिन वस्तुओं का नियंत्रण नहीं किया जाना है वे हैं - सौयादीन|बिनौले के तेल के लिए - सभी साथ बनास्पती तेल जिसमें मूँगफली का तेल, सौयादीन का तेल बिनौले का तेल, सूरजमुखी का तेल, तिर का तेल, तौरिये का तेल, तथा कोई दूसरा तेल है जिससे तेल निकाला जाता हो सम्भिलित होगा ।

ग. अनुप्रयत नियंत्रण :

वस्तु	पात्रा (मैट्रिक टन)	नियंत्रित अवधि (अमेरिकी राजकोषीय वर्ष)
साथ बनास्पती तेल बाँर तेल है (तेल के बाधार पर)	2,700	1977

घ^० अमेरिकी वित्त वर्ष 1977 में, नियंत्रित संबंधी सीमाएँ प्रत्यक्ष जनरोपयोग के लिए चुनी हुई मूँगफली के संबंध में लागू नहीं होंगी ।

मद अ स्वर्य सहायता के उपाय

क^० स्वर्य सहायता के इन उपायों को क्रियान्वित करने के लिए, इस बात पर विशेष जोर दिया जाएगा कि गरीब देहाती ज़ोड़ों में विकास कार्य को प्रत्यक्ष रूप से बढ़ावा दिया जाए और गरीब किसान छोटे फामों में खेती करके कृषि उत्पादन को बढ़ाने के काम में प्रत्यक्ष रूप से सहयोग दे सकें ।

सं^० मारत सरकार समझत है कि वह :

- उत्पादन तथा मूलि उपयोग की जामता बढ़ाने के उद्देश्य से खेती के काम बाने वाली चीजों (उर्वरकों, बीजों, पुजारों तथा उपस्करणों) के उत्पादन तथा वितरण में वृद्धि करेगी ;
- खाबन्द गोदाम, भंडार तथा ठण्डे गोदाम बनाकर बनाज तथा अन्य कृषि वस्तुओं को भंडार करने की जामता बढ़ाएगी और उसमें सुधार करेगी;

- फसल संबंधी बनुसंधान कार्यक्रमों का, (खासकर उन फसलों का जिनकी पारी उपज होती है, विकास जारी रखेगी (जयर्त्त चावल तथा तेलहन की फसल)

- सेतों में तथा गोदामों में जो प्रमुख कीटाणु तथा रोग कूष्ठि फसलों को जाति पहुँचाते हैं उनके नियंत्रण के लिए बनुसंधान तथा अली कार्यक्रम शुरू करेगी -

- मूभि संरक्षण तथा मूभि प्रबंध व्यवस्था के बन्तर्गत बाने वाले दोनों का विकास करेगी -

- जल निकासी व्यवस्था, मूभि को समतल करने, लक्ष्यपूर्ण लगाने तथा सिंचाई की व्यवस्था करके जल साधारणों की व्यवस्था में सुधार करेगी -

- बारानी सेती के उत्पादन को बढ़ाने के लिए तकनीकों का विकास करेगी । यह जानकारी तब इन दोनों के किसानों को दे दी जाएगी ।

- साधारणोपयोग की जामता में वृद्धि करने के लिए अनेक फसल बुवाई कार्यक्रम शुरू करेगी -

- मूल्य समर्थन, सेतों में गोदाम सुविधाएँ, किसी कार्य में सहायता तथा कृषि देकर ऐसी नीतियाँ को अल वे लाएगी जिससे किसानों को अधिकतम पात्रा में उत्पादन करने के लिए प्रोत्साहन मिले ।

पद VI आर्थिक विकास के वे प्रयोजन जिनके लिए बायातकर्ता देश को प्राप्त होने वाली रकम का इस्तेमाल किया जाएगा :

क. इस करार के बन्तर्गत जिन वस्तुओं को खरीद की जाएगी उनकी किसी से बायातकर्ता देश को मिलने वाली रकम का इस्तेमाल इस करार में निर्दिष्ट स्वर्य सहायता करने के उपायों के तर्वं को पूरा करने वारे निम्नलिखित कूष्ठि और आर्थिक विकास के दोनों के लिए किया जाएगा जैसे कूष्ठि, सिंचाई साधन और स्वास्थ्य, जलसंरक्षण आदि ।

ख. इन प्रयोजनों के लिए प्राप्त रकम को उपयोग करते समय, प्राप्तकर्ता देश के निर्धनतम लोगों के जीवन स्तर को सुधारने तथा अपने देश के विकास के

काम में सह्योग देने की उन्हीं जामता को छाने की बात पर जोर दिया जाएगा ।

भाग III - बन्धन उपबंध

क. यह करार, दोनों सरकारों में से किसी एक के द्वारा किसी भी कारण से दूसरी सरकार को समाप्ति का नोटिस देकर समाप्त किया जा सकता है और नियंत्रिता देश की सरकार द्वारा उस स्थिति में समाप्त किया जा सकता है अगर वह सरकार यह निष्ठय करे कि करार में वर्णित स्वर्य सहायता जरूरि के कार्यक्रम का ठीक ढंग से कार्यान्वयन नहीं हो रहा है । इस समाप्ति के फलस्वरूप बायात्कर्ता सरकार की वे विरोध देनदारियाँ कम नहीं हो जाएंगी जो समाप्ति की तारीख तक उस पर हो चुकी हों ।

ल. यह दो प्रतियों में अंग्रेजी और हिन्दी दोनों माषाकाँ में किया गया । मतभेद होने पर अंग्रेजी पाठ मात्र होगा ।

यह करार इस पर हस्ताक्षार किए जाने की तारीख से लागू होगा ।

इस कारार के साथ्य में संबंधित प्रतिनिधियों ने, जो
इस काम के लिए सम्पूर्ण रूप से प्राप्तिकृत किए गए हैं इस पर इसकी
दोनों प्रतियों में 3 फरवरी, 1977 को हस्ताक्षर किए।

संयुक्त राज्य अमेरिका की सरकार की ओर से :

डेविड टी. थाइम्स

संयुक्त राज्य अमेरिका के बस्थायी कार्यदूत

भारत सरकार की ओर से :

मनमोहन सिंह

सचिव

बार्थिक कार्य विभाग

TIAS 8668

राज्योषीब बष्ट 1977 के लिए पन्द्रिक ला 480 शीर्षक I करार
के संबंध में संयुक्त राज्य अमेरिका की सरकार और भारत सरकार के
बीच सहमत कार्यसूची

1. सामान्य - दोनों सरकारों के प्रतिनिधियों ने, प्रस्तावित करार के उपबंधों पर व्यारेवार विचार किया तथा कृषि व्यापार विकास और सहायता अधिनियम, 1954 के (जिसे वामतांत्र से पी10 ला 480 के नाम से पुकारा जाता है) बन्तर्गत साथ सहायता के कार्यक्रमों की वैधानिक पृष्ठभूमि की समीक्षा की । संयुक्त राज्य अमेरिका की सरकार के अधिकारियों ने कहाया कि (क) प्रस्तावित शीर्षक I करार में जिसके संबंध में हस्त समय बातचीत हो रही है, निहित उपबंध और शते भारत सरकार द्वारा 1976 में हस्ताक्षर किए गए शीर्षक I करार के उपबंधों और शतों जैसी हैं, (ख) नए करार के माग I और माग III सभी शीर्षक I करारों के लिए मानक उपबंध हैं वौर (ग) माग II करार में माग लेने वाले प्राप्तकर्ता देश की विशिष्ट शतों के बनुकूल तैयार किया गया है । भारत सरकार के अधिकारियों ने इस के इन विभिन्न उपबंधों के बारे में अपनी सहमति व्यक्त की ।

2. कार्यवालन उपबंध - कार्यवालन के नीचे लिखे पहलुओं तथा विशेष उपबंधों के बारे में, जो शीर्षक I करारों पर लागू हैं, विचार-विमर्श किया गया :

(क) भारत सरकार, संयुक्त राज्य अमेरिका की सरकार के प्रतिनिधियों के साथ विचार-विमर्श करने के लिए संयुक्त राज्य अमेरिका में एक अफ्फा एक से अधिक व्यक्तियों को नामजद करेगी ताकि वस्तुओं को प्राप्त करने, विचारवस्था, सूचना तथा समुद्री हुलाई से संबंधित नियमों वाले प्रतिक्रियाओं के बारे में बातचीत की जा सके ।

(स) अपेक्षित वस्तुएँ गैर-सरकारी अमेरिकी संचायरों से लरीदी जाएँगी और क्रेताबाँ तथा विक्रेताबाँ के बीच परस्पर सम्मत वास्तविक मूल्य संयुक्त राज्य अमेरिका के कृषि विभाग की समीक्षा के बधीन रहेंगी जैसीकि प्रथा कई बड़ों से चली आ रही है। इसके बतिहित इस कारार के बन्तर्गत जारी किए गए सरीद प्राक्षिकार पत्रों में यह व्यवस्था रहेगी कि वस्तुबाँ तथा भाड़े दोनों के लिए मौजाए जाने वाले टैंडर की विक्रीचारों के प्रसांदे जारी किए जाने से पहले मूल्य विक्रय प्रबंधन, संयुक्त राज्य अमेरिका कृषि विभाग, वार्षिकीन के पास समीक्षा के लिए मेजे जाएंगी।

(ग) पारत सरकार प्राप्तकर्ता देश में व्यक्तियों वथवा अभिकरणों को नामजद करेगी जिनके साथ संयुक्त राज्य अमेरिका की सरकार के प्रतिनिधि कारार के कार्यान्वयन के सिलसिले में संबंधित मामलों के बारे में परामर्श कर सकेंगे जैसे (क) वस्तुबाँ के पहुँचने तथा उनके जहाज से उतारे जाने की सूचना, (ल) वस्तुबाँ पर निशान लगाना और उनका प्रचार करना (ग) वस्तुबाँ की मुनः किंवा तथा उनके लदान न किए जाने के संबंध में आज्ञासन (घ) सामान्य विषणन संबंधी झाँका बनुपालन (झ.) आयात और नियति से संबंधित बांकड़े (ञ) स्वयं सहायता के उपाय करना और (छ) लैखों का मिलान।

(घ) यदि पारत सरकार वस्तु की लरीद बाँर। अथवा समुद्री हुलाई के काम की देतरेत के लिए अपने एजेण्ट के ताँर पर संयुक्त राज्य अमेरिका के किसी व्यक्ति वथवा फर्म की सेवाएँ प्राप्त करती है तो ऐसा एजेण्ट संयुक्त राज्य अमेरिका के कृषि विभाग द्वारा बनुमोदित होना चाहिए। पारत सरकार बाँर संयुक्त राज्य अमेरिका के एजेण्ट के बीच समझौते की प्रतिलिपि, लरीद के संबंध में लागू होने वाली स्वीकृतियों के जारी किए जाने से पूर्व संयुक्त राज्य अमेरिका के कृषि विभाग के पास बनुमोदनार्थ मेजी जानी चाहिए।

(८.) भारत सरकार प्राप्त वस्तुओं का व्यांग देने तथा करार का प्रबार करने पर सहमत है।

(९) सामान्य विषयन बावश्यकताओं की मूर्ति के लिए की गई सरीदारियों की विच व्यवस्था भारत सरकार द्वारा उसके बपने ही साधनों से की जाएगी। कुछ देशों से किस गए वाणिज्यिक आयात और संयुक्त राज्य अमेरिका बथवा बन्य ब्रीटीं से दान, अनुदान के रूप में बथवा रियायती मूल्यों पर आयात की गई वस्तुओं को सामान्य विषयन की बावश्यकताओं के क्षितिव में नहीं लिया जा सकता।

(१०) यदि संयुक्त राज्य अमेरिका की सरकार शीर्षक I की वस्तुओं की सिपुर्दगीयों को, करार के माग II में उल्लिखित सचाई की अवधि के बाद स्वीकार करना और उनकी विच व्यवस्था करना चाहे तो भारत सरकार को इस करार के बन्तर्गत बाद में पुनः सचाई की ऐसी ही अवधि के लिए वैसी ही सामान्य विषयन बावश्यकताओं की तथा नियांत संवधी सीधा की शर्त बार रखनी होगी जैसाकि माग I के बनुच्छैद III क और 4 में निर्दिष्ट की गई है। यदि करार में निर्दिष्ट सामान्य विषयन बावश्यकताओं से मिल किन्हीं बन्य बावश्यकताओं को उचित समकार जाए तब उस स्थिति में करार में संशोधन किया जाएगा।

(ज) संयुक्त राज्य अमेरिका की सरकार लरीद प्राक्षिकार देने तथा शहों का निर्धारण करते समय निम्नलिखित बातों को ध्यान में रखेगी:

- (१) वस्तुओं का उपलब्ध होना,
- (२) संयुक्त राज्य अमेरिका और भारत की फसलें,
- (३) समुद्री जहाजों में दूलाई के लिए जगह का उपलब्ध होना,
- (४) वस्तु की ढिलीकरी लेने के लिए भारत की जामता,
- (५) बाजार की समस्याएँ और
- (६) कुल मिलाकर संयुक्त राज्य अमेरिका का हित।

सामान्य नियम के ताँर पर संविदाओं की अवधियों और सिपुर्दगी की निर्धारित तारीखों को बागे नहीं बढ़ाया जाता।

3. वित्तिरिक्त सम्पत्ति

क. वस्तु प्रकार

संयुक्त राज्य अमेरिका की सरकार आशा करती है कि वह भारत सरकार को राज्योष्पीय वर्ष 1977 में वित्तिरिक्त बनास्पती तेल देनी। संयुक्त राज्य अमेरिका की सरकार की वित्तिरिक्त तेल की सप्लाई करने की जापता इस वर्ष बाद में बनास्पती तेल के उपलब्ध होने तथा बजट विषयक परिस्थितियों पर निर्भर करेगी।

ल. धारा 103 (०) - समुचित वंश के बारे में संशोधन

संयुक्त राज्य अमेरिका की ओर से बातवीत करने वालों ने भारत सरकार के प्रतिनिधियों का ध्यान विधिनियम की धारा 103 (०) के उपबंध 'समुचित वंश' की ओर बाकूष्ट किया। यह स्पष्ट किया गया कि इस उपबंध का उद्देश्य, सरीदार देश द्वारा कूपि वस्तुओं की वाणिज्यिक लरीद विधि की जाने पर उसमें संयुक्त राज्य के वंश को सुनिश्चित करना है।

ग. बावजूद विवरण मेजना

भारत सरकार के प्रतिनिधियों का ध्यान करार के उपबंधों के बन्तर्गत बावजूद तथा इस कार्यवृत्त में निष्पित व्यवस्था के अनुसार अनुपालन, पहुंचने की तथा नांवकरण संबंधी जानकारी (र० ३० पी० फार्म) स्वयं सहायता करने के उपायों तथा किंतु से प्राप्त बाय के उपयोग के संबंध में सम्य पर विवरण देने की जिम्मेदारी की ओर दिलाया गया।

घ. स्वयं सहायता के संबंध में विवरण मेजना

करार के भाग I , अनुच्छेद III ग के अनुसार, यह स्वीकार किया गया कि भारत सरकार द्वारा भाग II , मद V में स्वयं सहायता के उपायों

के विषय में रिपोर्ट प्रतिवर्ष केजी जाया करेगी। पहली रिपोर्ट 1 दिसंबर, 1977 बथवा उससे पहले और उसके बाद में रिपोर्ट प्रतिवर्ष प्रत्येक सम्पत्ति रूप में प्रस्तुत की जाएगी। इस रिपोर्ट में, पैराग्राफ स में दी गई विशिष्ट मदाँ की सूचना देने के मामले में पैराग्राफ क की मद V में उल्लिखित विशिष्ट प्र्यासों के संबंध में की गई प्राप्ति का उल्लेख किया जाएगा। रिपोर्ट को बांपचारिक रूप से प्रस्तुत करने से पहले दोनों सरकारों के प्रतिनिधि परामर्श के लिए बनुरोध कर सकते हैं। ये रिपोर्ट तब तक मेजी जाती रहेंगी जब तक किंतु से प्राप्त रकमों का उपयोग न कर दिया जाएगा।

ठ. बदायगी की व्यवस्था

संयुक्त राज्य अमेरिका की सरकार पी० एल० 480 के शीर्षक I करार के कुसरण में ढालरों में बदायगी लेना चाहेंगी। इसलिए इस संबंध में माग I में बनुच्छेद II ठ. 2 और बनुच्छेद II ज तथा बनुच्छेद ठ. III ह में स्थानीय मुद्रा से संबंधित वाक्य लागू नहीं होगा। चूंकि इस शीर्षक I पी० एल० 480 करार के बन्तरीत स्थानीय मुद्रा में बदायगी के लिए बनुरोध नहीं किया जाएगा, इसलिए माग I बनुच्छेद II स, ह और ज तथा माग II की मद II.2 में स्थानीय मुद्रा उपयोग के संबंध में जो वाक्य प्रयुक्त किया गया है वह लागू नहीं होगा।

जहाँ तक माग I के बनुच्छेद II च तथा माग II की मद VI के संबंध में रिपोर्ट देने का संबंध है, भारत सरकार इस करार के अन्तर्गत विचारोषित वर्तुओं की किंतु से प्राप्त रकम को इस करार के माग II की मद V और VI में निर्दिष्ट बार्थिंग विकास कार्डमाँ की वित्र व्यवस्था करने के लिए इस्तेमाल कर सकेगी और इस संबंध में उसे

हर वर्ष एक फार्म में इस प्रयोग के संबंध में प्रमाण पत्र देना होगा जिसमें उन दो-त्रौं का विरीय विवरण शामिल होगा जिनके अन्तर्गत राशियों का उपयोग किया गया था। किंतु से प्राप्त रकमों से दिया गया रुपा भारत सरकार की सामान्य झट्टों के बनुसार होगा।

व. लागत और मूल्य आंकड़ों के बारे में स्पष्टीकरण

करार के माग II में दिलाई गई वस्तुओं का नियंत्रित-बाजार मूल्य उस कुल रकम का योतक है, जिसके लिए खरीद संबंधी प्राक्षिकार जारी किए जा सकते हैं और उसमें प्रारम्भिक बदायगी की रकम शामिल है। माग II में दिलाई गई वस्तुओं की मात्रा के बनुमान नियंत्रित-बाजार मूल्यों के बनुमानों पर बाधारित है। यदि वस्तुओं के मूल्यों में वृद्धि होगी तो करार के अन्तर्गत विच पोषित की जाने वाली वस्तु की मात्रा, माग II में निर्धारित बनुमानित अक्षिक्त मात्रा से कम रहेगी। किन्तु यदि वस्तुओं के मूल्य गिर जाएं तो विच पोषित की जाने वाली वस्तुओं की मात्रा माग II में निर्दिष्ट मात्रा तक सीमित कर दी जाएगी।

यथोपि संयुक्त राज्य अमेरिका को इस बात की पूरी बाशा है कि वह करार की सभी वस्तुओं की सफ्लाई करेगा किन्तु सफ्लाई और बजट संबंधी मजबूरियों के कारण हो सकता है जि सफ्लाई की अवधि में दुश्ष लदानों को रोकना पड़ जाए अथवा कुछ लदानों को सफ्लाई की अगली अवधि तक स्थगित कर दिया जाए। प्राक्षिकृत खरीद में कुछ सीमा तक वृद्धि की जा सकती है।

क. समुद्री जहाजों से हुलाई

संयुक्त राज्य अमेरिका की सरकार के विधान के बनुसार यह बावस्यक है कि पी० एल० 480 के शीर्षक I के अन्तर्गत कम से कम

50 प्रतिशत माल संयुक्त राज्य अमेरिका के काण्डे वाले जहाजों द्वारा ढोया जाए ।
 समझौते माल का सर्व करार के बधीन नहीं दिया जाएगा ; किन्तु संयुक्त राज्य
 अमेरिका की सरकार माल के लगभग 50 प्रतिशत भाग के संबंध में जो संयुक्त राज्य
 अमेरिका के काण्डे वाले जहाजों से भेजा जाना चाहिए, संयुक्त राज्य अमेरिका और
 अन्य देशों के काण्डे वाले जहाजों की दरों के बन्तर की बदायगी करेगी ।

ज. यह करार दो प्रतियों में क्रीजी और हिन्दी दोनों भाषाओं में
 किया गया । पतभेद होने पर क्रीजी पाठ मात्र होगा ।

नई दिल्ली, 3 फरवरी, 1977

संयुक्त राज्य अमेरिका की सरकार की ओर से

डेविड टी. ब्राउन
 संयुक्त राज्य अमेरिका के अस्थायी कार्यदूत

भारत सरकार की ओर से

डा० मनमोहन सिंह
 सचिव
 आर्थिक कार्य विभाग

COSTA RICA

Weather Stations

*Agreement effected by exchange of notes
Signed at San José April 29 and June 8, 1976;
Entered into force June 8, 1976;
Effective January 1, 1976.
With memorandum of arrangement
Signed at San José June 28, 1976.*

The American Ambassador to the Costa Rican Minister of Foreign Relations

No. 63

APRIL 29, 1976

EXCELLENCY:

I have the honor to inform Your Excellency that my Government has noted with interest and appreciation the development of the rawinsonde program in Costa Rica which has been carried out by the Government of Costa Rica and the Government of the United States under the World Meteorological Organization's Voluntary Assistance Program (VAP) project OB/1/1/2 which entered into force on February 11, 1971. The establishment of this station is a part of the continuing program of the Government of Costa Rica for the expansion and development of meteorological services in Costa Rica. Under the Voluntary Assistance Program project for the establishment of the rawinsonde station at San José, Costa Rica, the capital equipment was provided by my Government together with expendable supplies for three years of operation. The provision of equipment and expendable supplies for this VAP project has now been completed.

In addition to its national value, the extension of the meteorological network in Costa Rica represents a significant contribution to the further development of the global upper air observational network which is a major objective of the World Weather Watch program of the World Meteorological Organization.

As part of the World Weather Watch program, the Government of the United States of America is responsible for the operation, near Washington, D.C., of one of the three World Meteorological Centers provided in the program, to collect global data and disseminate re-

sultant processed products for the use of all countries. My Government, therefore, has a special interest in network improvements such as those effected by Your Excellency's Government. It is desirous of assisting insofar as practicable, through appropriate bilateral agreements for meteorological cooperation, in the continuation of arrangements which ensure uninterrupted operation of new facilities.

If the Government of Costa Rica considers that some measure of continued technical support from my Government would be helpful in achieving these objectives in respect of the operation of its rawinsonde station, I have the honor to propose a further program for cooperation between our two Governments of the following terms:

1. Purpose. The purpose of the program shall be the facilitation of the operation and maintenance of a rawinsonde observation station at San José, Costa Rica, and the international dissemination of reports of the observations from this station, through cooperation between the designated cooperating agencies of the two Governments.

2. Cooperating Agencies. The cooperating agencies shall be (1) for the Government of the United States of America, the National Oceanic and Atmospheric Administration, Department of Commerce, hereinafter referred to as the United States Cooperating Agency, and (2) for the Government of Costa Rica, the Servicio Meteorológico de Costa Rica, Ministerio de Agricultura y Ganadería, hereinafter referred to as the Costa Rica Cooperating Agency.

3. Title to Property. Title to all real property and any improvements thereto, furnished, acquired, or constructed for the purpose of conducting the program covered by this agreement shall be vested in the Costa Rica Cooperating Agency. Title to any item of equipment or other item of personal property provided under the terms of this agreement shall remain vested, unless otherwise agreed between the two Cooperating Agencies in a specific case, in the Cooperating Agency which supplied, or provided funds for the supply of, the item.

4. Expenditures. All expenditures incident to the obligations assumed by the United States Cooperating Agency shall be paid by the Government of the United States of America, and all expenditures incident to the obligations assumed by the Costa Rica Cooperating Agency shall be paid by the Government of Costa Rica.

5. Exemption from Duties and Taxes. All supplies and equipment furnished by the United States Cooperating Agency and imported into Costa Rica for use in the cooperative program shall be admitted free of taxes, customs and import duties and other charges.

6. Protection of Radio Frequencies. The radio operating frequencies 401-406 MHz and 1660-1700 MHz shall be protected in

order to insure their use free of interference for rawinsonde observations, in accordance with the provision of the Radio Regulations [¹] annexed to the International Telecommunication Convention.[²]

7. Appropriation of Funds. To the extent that the carrying out of any provision of this agreement will depend on funds appropriated by the Congress of the United States of America, it shall be subject to the availability of such funds.

8. Memorandum of Arrangement. A Memorandum of Arrangement, specifying further details of the cooperative program to be operated under the agreement, shall be agreed by the two Cooperating Agencies and may be amended at any time by further agreement between them.

9. Term. This agreement shall enter into force with effect as from January 1, 1976, and shall remain in force until terminated by mutual agreement or until sixty days after either Government has given notice in writing to the other Government of its intention to terminate the Agreement. If the above proposal meets with the approval of the Government of Costa Rica, I have the honor to propose that this note and Your Excellency's reply to that effect shall together constitute an agreement between our two Governments concerning this matter, which shall enter and remain in force in accordance with the foregoing terms.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

TERENCE A. TODMAN

¹ TIAS 4893; 12 UST 2377.

² TIAS 6267; 18 UST 575.

The Costa Rican Minister of Foreign Relations ad interim to the
American Ambassador



REPÚBLICA DE COSTA RICA
MINISTERIO DE RELACIONES EXTERIORES Y CULTO

Dirección General
de Política Exterior
No. 81.639 PE

San José, 8 de junio de 1976

Señor Embajador:

Tengo el honor de contestar la nota de Vuestra
Excelencia No. 63 de 29 de abril del año en curso, que dice:

"Excelencia: Tengo el honor de informar a Su Excelencia que mi Gobierno ha visto con interés y aprecio el desarrollo del programa de radiosonda de Costa Rica, el cual ha sido realizado por el Gobierno de Costa Rica y el Gobierno de los Estados Unidos bajo el Programa de Asistencia Voluntaria de la Organización Meteorológica Mundial (WMO), proyecto OB/1/1/2 que entró en vigencia el 11 de febrero de 1971. El establecimiento de esta estación es parte del programa continuo del Gobierno de Costa Rica para la expansión y desarrollo de servicios meteorológicos en Costa Rica. De acuerdo con el proyecto del Programa de Asistencia Voluntaria para el establecimiento de la estación de radiosonda en San José, Costa Rica, los bienes de capital fueron proporcionados por mi Gobierno junto con suministros gastables para un funcionamiento de tres años. La provisión de equipo y suministros gastables para este proyecto WMO ha sido terminada ahora.

Además de su valor nacional, la extensión de la red meteorológica en Costa Rica representa una importante contribución a un mayor desarrollo de la red glo-

Al Excelentísimo señor
Terence A. Todman
Embajador de Los Estados Unidos de América
Ciudad

bal de observación del aire superior la cual es un objetivo importante del programa de Vigilancia Mundial del Tiempo, de la Organización Meteorológica Mundial.

Como parte del programa de Vigilancia Mundial del Tiempo, el Gobierno de Los Estados Unidos de América es responsable del funcionamiento, cerca de Washington, D.C., de uno de Los tres Centros Meteorológicos Mundiales previstos en el programa, para recoger datos globales y diseminar los productos procesados resultantes para su utilización por todos los países. Mi Gobierno tiene, por lo tanto, interés en las mejoras de redes tales como las requerizadas por el Gobierno de Su Excelencia. Mi Gobierno no está deseoso de ayudar hasta donde sea practicable, por medio de convenios bilaterales adecuados de cooperación meteorológica, en la continuación de los arreglos que aseguren un funcionamiento interrumpido de nuevas instalaciones.

Si el Gobierno de Costa Rica considera que algún modo de continuado apoyo técnico de mi Gobierno sería de ayuda en alcanzar estos objetivos respecto al funcionamiento de su estación de radiosonda, tengo el honor de proponer un programa más de cooperación entre nuestros dos Gobiernos en los términos siguientes:

1.- Fin. El fin del programa será la facilitación del funcionamiento y conservación de una estación de observación de radiosonda en San José, Costa Rica y la disseminación internacional de informes de las observaciones de esta estación por medio de la cooperación entre las agencias cooperadoras nombradas de Los dos Gobiernos.

2.- *Agencias Cooperadoras.* - Las agencias cooperadoras serán (1) para el Gobierno de los Estados Unidos de América, la Administración Nacional Oceánica y Atmosférica del Departamento de Comercio, que en adelante se denomina la Agencia Cooperadora de los Estados Unidos, y (2) para el Gobierno de Costa Rica, el Servicio Meteorológico de Costa Rica, Ministerio de Agricultura y Ganadería, en adelante denominado la Agencia Cooperadora de Costa Rica.

3.- *Título de Propiedad.* - El título de propiedad sobre todos los bienes inmuebles y cualquier mejora de los mismos, que sean proporcionadas, adquiridos o construidos con el fin de realizar el programa objeto de este convenio, lo poseerá la Agencia Cooperadora de Costa Rica. El título sobre cualquier artículo del equipo u otro artículo de propiedad mueble previsto de acuerdo con los términos de este convenio permanecerá a nombre de la Agencia Cooperadora que suministró o proporcionó los fondos para el suministro del artículo, a menos que se acordara en otra forma entre las dos Agencias Cooperadoras en un caso específico.

4.- *Gastos.* - Todos los gastos incidentales a las obligaciones asumidas por la Agencia Cooperadora de los Estados Unidos serán pagados por el Gobierno de los Estados Unidos de América, y todos los gastos incidentales a las obligaciones asumidas por la Agencia Cooperadora de Costa Rica serán pagados por el Gobierno de Costa Rica.

5.- *Exoneración de Derechos e Impuestos.* - Todos los suministros y el equipo proporcionado por la Agencia Cooperadora de los Estados Unidos e importados a Costa Rica para uso del programa cooperativo serán admitidos libres de impuestos, de derechos arancelarios y de importación y de otros cargos.

6.- Protección de Radiofrecuencias.- Las frecuencias de radio-operación 401-406 MHz y 1660-1700 MHz deberán ser protegidas con el fin de asegurar que el uso de las mismas esté libre de interferencia para la observación de radiosonda de acuerdo con las disposiciones de las Regulaciones de Radio anexas a la Convención Internacional de Telecomunicaciones.

7.- Asignación de Fondos.- Hasta el punto en que la realización de cualesquiera de las disposiciones de este convenio dependa de los fondos asignadas por el Congreso de los Estados Unidos de América, el convenio estará sujeto a la disponibilidad de tales fondos.

8.- Memorandum de Acuerdo.- Un Memorandum de Acuerdo especificando más detalles del programa cooperativo que operará bajo este convenio, será objeto de acuerdo por parte de las dos Agencias Cooperadoras y podrá ser modificado en cualquier momento por medio de otro convenio entre las mismas.

9.- Vigencia.- Este convenio entrará en vigencia y tendrá efecto desde el día 1 de enero de 1976 y conservará su validez hasta que sea terminado por acuerdo mutuo o hasta sesenta días después de que cualquiera de los dos gobiernos haya dado notificación escrita al otro Gobierno acerca de su intención de dar por terminado este Convenio.

Si la proposición anterior es aprobada por el Gobierno de Costa Rica, tengo el honor de proponer que esta nota y la respuesta de Su Excelencia a ese efecto constituirán conjuntamente un convenio entre nuestros Gobiernos sobre este asunto, que entrará y permanecerá en vigencia de acuerdo con los términos anteriores.

Hago uso de esta oportunidad para renovar a Su Excelencia las seguridades de mi más alta y distinguida consideración."

Me es grato comunicar la aceptación del Gobierno de Costa Rica de la proposición anterior.

En consecuencia, la presente nota y la de Vuestra Excelencia transcrita arriba, constituyen un Acuerdo entre nuestros dos países que entrará y permanecerá en vigencia según lo establece su punto No. 9.

Aprovecho la oportunidad para renovarle las seguridades de mi distinguida consideración.


Wilberg Jiménez Castro
Ministro a.i.

MJ
-svr

TRANSLATION

REPUBLIC OF COSTA RICA
Ministry of Foreign Relations and Worship
Office of the Director General for
Foreign Policy

No. 81.639 PE

San José, June 8, 1976

Mr. Ambassador:

I have the honor to reply to Your Excellency's note No. 63 of April 29, 1976, which reads as follows:

[For the English language text, see pp. 6075-6077.]

I am pleased to inform you that the Government of Costa Rica accepts the foregoing proposal.

Accordingly, this note and Your Excellency's note transcribed above shall constitute an Agreement between our two countries which shall enter into and remain in force as established in point 9 thereof.

I avail myself of this opportunity to renew to you the assurances of my distinguished consideration.

Wilburg Jiménez Castro
Wilburg Jiménez Castro
Minister a.i.

His Excellency
Terence A. Todman,
Ambassador of the
United States of America,
San José.

TIAS 8669

MEMORANDUM OF ARRANGEMENT

The National Oceanic and Atmospheric Administration of the United States Department of Commerce (hereinafter referred to as the United States Cooperating Agency), and the Servicio Meteorologico de Costa Rica of the Ministerio de Agricultura y Ganaderia (hereinafter referred to as the Costa Rica Cooperating Agency),

Being desirous of agreeing upon technical details to give effect to the agreement between the Government of the United States of America and the Government of Costa Rica for the operation of a rawinsonde station at San José which was effected by an exchange of notes at San José on April 29 and June 8, 1976, have agreed as follows:

1. Name of Undertaking. The cooperative program to which this Memorandum of Arrangement refers shall be known as the "United States-Costa Rica Cooperative Meteorological Program".
2. Conduct of Work. The management of the station and the conduct of its observational and reporting programs shall be under the sole control of the Costa Rica Cooperating Agency, but the United States Cooperating Agency shall be available for consultation by the Costa Rica Cooperating Agency whenever the latter so desires.
3. Specific Undertakings on the Part of the United States Cooperating Agency.
The United States Cooperating Agency:
 - (a) Shall provide, and bear the cost of providing and transporting to Costa Rica, all quantities

of the following items of equipment:

- 1) radiosonde transmitters 1680 MHz including batteries, thermistors and hygristors;
- 2) temperature and humidity evaluators;
- 3) balloons, 600 grams;
- 4) chemicals for hydrogen generation;
- 5) parachutes;
- 6) radiosonde tape and string;
- 7) forms and charts;
- 8) balloon lighting units; and
- 9) such other items as may be agreed between the two Cooperating Agencies; which are required, as from January 1, 1976, for the operation at the station at San José, Costa Rica, of the program specified in 4(b) below.

- (b) Shall hold itself available for consultation with the Costa Rica Cooperating Agency, as considered necessary by the latter Agency, in regard to technical matters related to the cooperative program.
- (c) Shall provide such other services in connection with the cooperative program as may, from time to time, be agreed between the two Cooperating Agencies.

4. Specific Undertakings on the Part of the Costa Rica Cooperating Agency.

The Costa Rica Cooperating Agency:

- (a) Shall establish and maintain a rawinsonde observation station at San José, Costa Rica.
- (b) Shall arrange for the rawinsonde observations to be made daily, including Sundays and holidays, at 1200 GMT, and for reports of the observations to be made and disseminated internationally, such observations and reports to be made in accordance with the practices and procedures recommended by the World Meteorological Organization.
- (c) Shall provide, and bear the cost of providing, all personnel, buildings, utilities, services, supplies, and equipment, other than that specified in 3(a) above, which are required for the operation of the program specified in 4(a) and 4(b) above.
- (d) Shall pay all costs of transportation of any equipment provided by the United States Cooperating Agency under the provisions of 3(a) above, from the Costa Rica port of entry to the destination in Costa Rica.
- (e) Shall pay to the United States Cooperating Agency, beginning on or about January 1, 1976, the sum of \$25,000 in six bimonthly payments for services to be rendered by that Agency in connection with the cooperative program during the twelve months ending December 31, 1976, and each year thereafter in bimonthly payments an amount to be agreed on through correspondence.

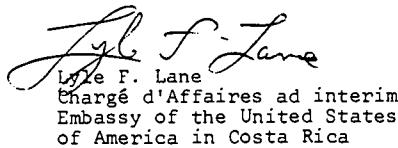
5. Liability. Each Cooperating Agency shall be responsible

for claims for damage to property or injury to persons with respect only to activities under the program directly engaged in or performed by that Cooperating Agency or its employees. No liability shall attach to either Cooperating Agency based solely on title to the equipment, facilities or other property used in the program.

6. Term. This Memorandum of Arrangement shall enter into force with effect as from January 1, 1976, and shall be coterminous with the related agreement between the Government of the United States of America and the Government of Costa Rica.



Gómez J. Facio
Minister of Foreign Relations
of Costa Rica



Lyke F. Lane
Chargé d'Affaires ad interim
Embassy of the United States
of America in Costa Rica

June 28, 1976

MEMORANDUM DE ACUERDO

La Administración Nacional Oceánica y Atmosférica del Departamento de Comercio de los Estados Unidos (en adelante denominada la Agencia Cooperadora de los Estados Unidos), y el Servicio Metereológico de Costa Rica, del Ministerio de Agricultura y Ganadería (en adelante llamado la Agencia Cooperadora de Costa Rica), se hallan deseosos de llegar a un acuerdo sobre detalles técnicos para dar efecto al convenio entre el Gobierno de los Estados Unidos de América y el Gobierno de Costa Rica para el funcionamiento en San José de una estación de radiosonda, el cual convenio se efectuó por medio de un intercambio de notas en San José el 29 de abril y 8 de junio de 1976.

Por lo tanto, dichas partes han convenido en lo siguiente:

1. Nombre del Projecto. El programa cooperativo al cual se refiere este Memorándum de Acuerdo será conocido como el "Programa Cooperativo Metereológico Estados Unidos-Costa Rica".
2. Dirección de la Obra. El manejo de la estación y la conducción de sus programas de observación e información estarán bajo el exclusivo control de la Agencia Cooperadora de Costa Rica pero, no obstante, la Agencia Cooperadora de los Estados Unidos estará a la disposición para consultas de la Agencia Cooperadora de Costa Rica, en todo momento que ésta última lo desee.
3. Compromisos Específicos de parte de la Agencia Cooperadora de los Estados Unidos.

La Agencia Cooperadora de los Estados Unidos:

- (a) Deberá proporcionar y correr con el costo de proporcionar y transportar a Costa Rica, las cantidades necesarias de los siguientes artículos del equipo:
- 1) transmisores 1680 MHz de radiosonda incluyendo baterías, termistores e higrostores;
 - 2) evaluadores de temperatura y humedad;
 - 3) globos, 600 gramos;
 - 4) productos químicos para la generación de hidrógeno;
 - 5) paracaídas;
 - 6) cinta y cuerda de radiosonda;
 - 7) formularios y cartas;
 - 8) unidades de iluminación de globos; y
 - 9) otros artículos según se convenga entre las dos Agencias Cooperadoras;
- todos estos artículos que sean necesarios, a partir del 1º de enero de 1976, para el funcionamiento de la estación de San José, Costa Rica, de acuerdo con el programa especificado en 4(b) más abajo.
- (b) Estará dispuesta para consultas con la Agencia Cooperadora de Costa Rica, según esta última lo considerare necesario, en cuanto a asuntos técnicos relativos al programa cooperativo.
- (c) Deberá proporcionar otros servicios que, en relación con el programa cooperativo sean convenidos

de tiempo en tiempo entre las dos Agencias Cooperadoras.

4. Compromisos Específicos de Parte de la Agencia Cooperadora de Costa Rica.

La Agencia Cooperadora de Costa Rica:

- (a) Deberá establecer y mantener una estación de observación de radiosonda en San José, Costa Rica.
- (b) Hará arreglos para que las observaciones de radiosonda se efectúen diariamente, incluyendo domingos y días feriados, a 1200 GMT (Tiempo medio de Greenwich), y para que los informes de las observaciones se efectúen y diseminen internacionalmente, efectuándose dichas observaciones e informes de acuerdo con las prácticas y procedimientos recomendados por la Organización Meteorológica Mundial.
- (c) Deberá proporcionar, y correr con el costo de proveer todo el personal, edificios, servicios públicos, otros servicios, abastecimientos y equipo excepto el especificado en 3(a) arriba, que sean necesarios para el funcionamiento del programa especificado en 4(a) y 4(b) arriba.
- (d) Deberá pagar todos los costos de transporte de cualquier equipo proporcionado por la Agencia Cooperadora de los Estados Unidos de acuerdo con las disposiciones del inciso 3(a) anterior, desde el puerto de ingreso de Costa Rica hasta su punto de destino en Costa Rica.

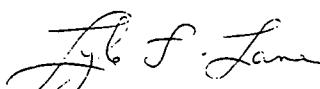
(e) Deberá pagar a la Agencia Cooperadora de los Estados Unidos, a partir del o cerca del 1º de enero de 1976, la suma de \$25,000 en seis pagos bimensuales por los servicios que dicha Agencia prestará en relación con el programa cooperativo durante los doce meses que terminan el 31 de diciembre de 1976, y cada año siguiente, en pagos bimensuales una suma a convenirse por medio de correspondencia.

5. Responsabilidad. Cada Agencia Cooperadora será responsable por reclamos por daños y perjuicios a la propiedad o lesiones de personas solamente con respecto a las actividades que se desempeñen directamente de acuerdo con el programa o se ejecuten por esa Agencia Cooperadora o sus empleados. Ninguna de las Agencias Cooperadoras tendrá responsabilidad alguna con base únicamente en el título de propiedad del equipo, las instalaciones u otros bienes usados en el programa.

6. Vigencia. Este Memorándum de Acuerdo entrará en vigencia y tendrá efecto a partir del 1º de enero de 1976 y el mismo será coextensivo con el convenio correspondiente entre el Gobierno de los Estados Unidos de América y el Gobierno de Costa Rica.



Gonzalo J. Fabio
Ministro de Relaciones Exteriores
de Costa Rica



Lyle F. Lane
Encargado de Negocios
Embajado de los
Estados Unidos de
América

June 28, 1976

MEXICO

Weather Stations

Agreements extending the agreement of July 31, 1970, as amended and extended.

Effectuated by exchange of notes

Signed at Tlatelolco and México December 17, 1976 and January 12, 1977;

Entered into force January 12, 1977.

And exchange of notes

Signed at México and Tlatelolco June 30 and July 25, 1977;

Entered into force July 25, 1977.

The Mexican Secretary of Foreign Relations to the American Ambassador

ESTADOS UNIDOS MEXICANOS
SECRETARIA DE RELACIONES EXTERIORES
MEXICO

514257

Tлателолко, D.F., a 17 de diciembre de 1976.

SEÑOR EMBAJADOR:

Tengo el honor de referirme a los diversos acuerdos relativos al Programa de Cooperación en Materia de Observación Meteorológica entre los Estados Unidos Mexicanos y los Estados Unidos de América, el más reciente efectuado por Canje de Notas fechadas en México, D.F., el 12 de julio y 28 de septiembre del año en curso. De acuerdo con lo mencionado en el Canje de Notas, el Acuerdo y el Memorandum de Entendimiento anexo, estarán en vigor hasta el 31 de diciembre de 1976.

Tomando en consideración que las autoridades competentes del Gobierno de México han manifestado su deseo de prorrogar el mencionado Acuerdo del 31 de diciembre de 1976 al 30 de julio de 1977, tengo el honor de proponer a Vuestra Excelencia que si el Gobierno de los Estados Unidos de América está conforme con lo expuesto con anterioridad, esta nota y la de respuesta de Vuestra Excelencia en la que manifieste la conformidad de su Gobierno, constituyan un entendimiento entre los Estados Unidos Mexicanos y los Estados Unidos de América, el cual surtirá efectos a partir de la fecha de vuestra respuesta.

Aprovecho la oportunidad para renovar a Vuestra Excelencia el testimonio de mi más alta y distinguida consideración.

S ROEL

Al Excelentísimo Señor
JOSEPH JOHN JOVA,
*Embajador de los Estados
Unidos de América,
México, D.F.*

Translation

UNITED MEXICAN STATES
MINISTRY OF FOREIGN RELATIONS
MEXICO

No. 514257

TLATELOLCO, D.F., December 17, 1976

MR. AMBASSADOR:

I have the honor to refer to the various agreements concerning the U.S.-Mexico Cooperative Meteorological Observation Program, the most recent brought about by an exchange of notes in Mexico, D.F., dated July 12 and September 28, 1976.^[1] In accordance with the provisions set forth in the exchange of notes, the Agreement and annexed Memorandum of Understanding will remain in force until December 31, 1976.

Taking into consideration that the competent authorities of the Government of Mexico have expressed their desire to extend the aforementioned Agreement from December 31, 1976 to July 30, 1977, I have the honor to propose to Your Excellency that should the Government of the United States of America be in agreement with the above, this note and Your Excellency's reply in which you indicate your government's agreement will constitute an understanding between the United Mexican States and the United States of America which will take effect on the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration.

S. ROEL

His Excellency

JOSEPH JOHN JOVA,
*Ambassador of the United States of America,
Mexico, D.F.*

^[1] TIAS 6941, 7927, 8397; 21 UST 1978; 25 UST 2450; 27 UST 3792.

The American Ambassador to the Mexican Secretary of Foreign Relations

No. 61

MEXICO, D.F. January 12, 1977

EXCELLENCY:

I have the honor to acknowledge receipt of your Note No. 514257, dated December 17, 1976, in which it is proposed to extend the U.S.-Mexico Cooperative Meteorological Observation Program from December 31, 1976, to July 30, 1977. The Government of the United States is pleased to agree to the extension of this Agreement to July 30, 1977.

Your Note No. 514257 and this reply constitute an Agreement between the United States of America and the United Mexican States that the aforementioned Cooperative Meteorological Observation Program is in effect through July 30, 1977.

Our Note No. 975, dated June 21, 1976, proposed amendments to the aforementioned Agreements. The Government of the United States of America looks forward to your Government's early review of the proposed amendments with the view of coming to agreement on them prior to July 30, 1977.

Accept, Excellency, the renewed assurances of my highest consideration.

JOSEPH JOHN JOVA

His Excellency

Lic. SANTIAGO ROEL,
Secretary of Foreign Relations,
Mexico, D.F.

*The American Chargé d'Affaires ad interim to the Mexican Secretary
of Foreign Relations*

No. 1187

MEXICO, D.F., MEXICO June 30, 1977

EXCELLENCY:

I have the honor to refer to the various agreements concerning the Cooperative Meteorological Observation Program between the United States of America and the United Mexican States, the most recent of which was effected by an exchange of notes dated September 3, 1974, and most recently extended by an exchange of notes dated December 17, 1976 (your Note No. 514257) and January 12, 1977 (our Note No. 61).

If the Government of the United Mexican States shares the view of the Government of the United States of America that continuation of the program would be of great mutual benefit, I have the honor to propose to Your Excellency that it be continued on the terms set out

in the aforementioned exchanges of notes and to further propose the extension of the term of the Agreement from July 30, 1977, to January 31, 1978.

If the foregoing proposal is acceptable to the Government of the United Mexican States, I have the honor to propose to Your Excellency that this note and the note in which Your Excellency signifies your government's approval shall constitute a further Agreement between Mexico and the United States of America which shall become effective on the date of the note of your Excellency's response.

I have the further honor to refer to our Note No. 975, dated June 21, 1976, which proposed amendments to the aforementioned Agreements. The Government of the United States of America looks forward to your Government's early review of the proposed amendments with the view of coming to agreement on them at an early date.

Accept, Excellency, the renewed assurances of my highest consideration.

HERBERT B. THOMPSON

Herbert B. Thompson
Chargé d'Affaires ad interim

His Excellency

Lic. SANTIAGO ROEL,
Secretary of Foreign Relations,
Mexico, D.F.

The Mexican Secretary of Foreign Relations to the American Ambassador

ESTADOS UNIDOS MEXICANOS
SECRETARIA DE RELACIONES EXTERIORES
MEXICO

508655

TLATELOLCO, D. F., a 25 de julio de 1977.

SEÑOR EMBAJADOR:

Tengo el agrado de acusar recibo de la atenta nota de Vuestra Excelencia 1187 del 30 de junio del año en curso, cuyo texto vertido al español es el siguiente:

"Tengo el honor de referirme a los diversos Acuerdos relativos al Programa de Cooperación en Materia de Observación Meteorológica entre los Estados Unidos de America y los Estados Unidos Mexicanos, el más reciente efectuado por Canje de Notas fechadas el 3 de septiembre de 1974 y cuya última prórroga se efectuó por Canje de Notas el 17 de diciembre de 1976 (su Nota No. 514257) y el 12 de enero de 1977 (nuestra Nota No. 61).

Si el Gobierno de los Estados Unidos Mexicanos comparte el punto de vista del Gobierno de los Estados Unidos de América en

el sentido de que la continuación del programa sería de gran beneficio mutuo, tengo el honor de proponer a Vuestra Excelencia que éste continúe en los términos de los Canjes de Notas antes mencionados, y además proponer una extensión del Acuerdo del 30 de julio de 1977 al 31 de enero de 1978.

Si la anterior propuesta es aceptable para el Gobierno de los Estados Unidos Mexicanos, tengo el honor de proponer a Vuestra Excelencia que esta nota y la nota en que Vuestra Excelencia manifieste la conformidad de su Gobierno, constituyan un acuerdo entre México y los Estados Unidos de América el cual entrará en vigor en la fecha de la nota de respuesta de Vuestra Excelencia".

En respuesta, manifiesto a Vuestra Excelencia en nombre de mi Gobierno que la propuesta antes transcrita es aceptable y, por lo tanto, está de acuerdo en considerar que la nota 1187 de Vuestra Excelencia y la presente, constituyen una prórroga del Programa de Cooperación en Materia de Observación Meteorológica actualmente en vigor entre nuestros dos Gobiernos, la cual entrará en vigor el día de hoy.

Aprovecho la oportunidad para renovar a Vuestra Excelencia el testimonio de mi más alta y distinguida consideración.

S ROEL

Al Excelentísimo Señor

PATRICK JOSEPH LUCEY,
Embajador de los Estados Unidos de América,
México, D.F.

Translation

UNITED MEXICAN STATES
MINISTRY OF FOREIGN RELATIONS
MEXICO

No. 508655

TLATELOLCO, D.F., July 25, 1977

MR. AMBASSADOR:

I have the pleasure to acknowledge receipt of Your Excellency's note No. 1187 of June 30, 1977, the text of which, translated into Spanish, reads as follows:

[For the English language text, see pp. 6094-6095.]

In reply, I state to Your Excellency on behalf of my Government that the foregoing proposal is acceptable and that my Government therefore agrees that Your Excellency's note No. 1187 and this note shall constitute an extension of the Cooperative Meterological Observation Program currently in force between our two Governments which shall enter into force today.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest and most distinguished consideration.

S. ROEL

His Excellency

PATRICK JOSEPH LUCEY,

*Ambassador of the United States of America,
Mexico, D.F.*

LAKE CHAD BASIN COMMISSION
Engineering of Road Links in the Lake Chad Area

*Agreement signed at N'Djamena June 25, 1976;
Entered into force June 25, 1976.*

Project No. 625-22-310-534

GRANT AGREEMENT **No. 677-76-6**
BETWEEN
THE AGENCY FOR INTERNATIONAL
DEVELOPMENT
AND
THE LAKE CHAD BASIN
COMMISSION

(FINAL ENGINEERING DESIGN OF TWO ROAD LINKS)

GRANT AGREEMENT BETWEEN THE AGENCY FOR INTERNATIONAL DEVELOPMENT AND THE LAKE CHAD BASIN COMMISSION (FINAL ENGINEERING DESIGN OF TWO ROAD LINKS)

This Grant Agreement made and entered into as of the 25th day of June, 1976, by and between the Government of the United States of America, acting through the Agency for International Development (hereinafter called "A.I.D.") and the Lake Chad Basin Commission (hereinafter called "Commission").

ARTICLE I – The Grant

Section 1.01. The Project. The purpose of the Grant is to assist the Commission in financing the final engineering design of two (2) roads, as described in Annex I, attached hereto, which Annex may be modified by written agreement between the parties. The final engineering design of the elements described in Annex I shall be hereinafter referred to as the "Project." The goods and services to be financed under the Grant shall be more fully described in the Implementation Letters referred to in Section 6.11.

Section 1.02. The Grant. To assist the Commission in meeting the costs of the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended,^[1] hereby grants to the Commission, in accordance with the terms of this Agreement, an amount not to exceed one million United States Dollars (\$1,000,000). This Grant may be used to finance United States Dollar costs ("Dollar Costs") and local currency costs ("Local Currency Costs") of goods and services required for the project. Unless A.I.D. otherwise agrees in writing, the amount of Local Currency Costs which may be financed under the Grant shall not exceed the amount obtained by subtracting the total Dollar Costs of the Project from the amount of the Grant.

ARTICLE II – Conditions Precedent to Disbursement

Section 2.01. Conditions Precedent to Initial Disbursement. Prior to the first disbursement or to the issuance of the first Letter of Commitment under this Grant, the Commission will, 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 Chief Legal Counsel for the Commission or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Commission, and that it constitutes a valid and legally binding obligation of the Commission in accordance with all of its terms;

(b) A statement of the names of the persons holding or acting in the office of the Commission specified in Section 6.02, and a specimen signature of each person specified in such statement;

^[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

(c) An executed contract for the engineering services required for the Project acceptable to A.I.D. with a firm acceptable to A.I.D.; and

(d) Evidence of the source and availability of funds for the Commission's contribution required by Section 3.01 as well as plan and schedule for the disbursement of such funds.

Section 2.02. Notification of Satisfaction of Conditions Precedent. A.I.D. will promptly notify the Commission when A.I.D. determines that the conditions precedent specified in Section 2.01 have been satisfied.

Section 2.03. Terminal Date for Satisfaction of Conditions Precedent. If all of the conditions specified in Section 2.01 have not been met within ten (10) months from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Commission.

ARTICLE III – General Covenants

Section 3.01. Contribution of the Commission. The Commission shall provide or shall cause to be provided all funds, in addition to the Grant, and all other resources required for the timely and effective carrying out of the Project.

Section 3.02. Execution of the Project.

(a) The Commission shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, financial, and administrative practices. In this connection, the Commission shall at all times employ suitably qualified and experienced consultants to be professionally responsible for the design and execution of the Project.

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

Section 3.03. Taxes.

(a) If A.I.D. or any public or private organization furnishing commodities through A.I.D. financing for operations hereunder in any of the Member States of the Commission (hereinafter called "Member States") is under the laws, regulations or administrative procedures of such State, liable for customs duties or import taxes on commodities imported into that State for the purpose of carrying out this Agreement, the Commission will pay such duties and taxes unless exemption is otherwise provided by international agreement.

(b) If any personnel (other than citizens and permanent residents of the Member State) whether United States Government employees, or employees of public or private organizations under contract with A.I.D., the Commission, a Member State or any other agency authorized by a Member State, who are present in such Member State to

provide services which A.I.D. has agreed to furnish or finance under this Agreement, are, under the laws, regulations, or administrative procedures of such State (i) liable for income or social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States, (ii) liable for property taxes on personal property intended for their own use, or (iii) liable for the payment of any tariff or duty upon personal or household goods brought into the Member State for their own personal use, the Commission will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

Section 3.04. Travel Within Member States. The Commission will take such steps as may be necessary to facilitate entry and travel within the Member States for purposes of allowing persons to perform duties, functions and services under this Grant Agreement by securing one year multiple-entry visas, and securing subsequent visas as required.

Section 3.05. Consultation. The Commission and A.I.D. shall consult as frequently as necessary concerning the execution of this Grant Agreement and the implementation of the activities contemplated by the Agreement.

Section 3.06. Reports. The Commission shall keep A.I.D. currently informed as to the status, including the planning and implementation of the project, and will submit to A.I.D. such reports relating thereto as A.I.D. may reasonably request.

Section 3.07. Convertibility of Funds. The Commission will make such arrangements as may be necessary so that funds introduced into the Member States by A.I.D. or any public or private agency for the purpose of carrying out obligations as A.I.D. hereunder shall be convertible into currency of that State at the highest rate which, at the time conversion is made, is not unlawful in the Member State.

Section 3.08. Refund. If A.I.D. determines that any disbursement or expenditure charged to this Grant was not made, used, or applied in accordance with the terms of this Agreement, the Commission agrees to refund to A.I.D. within 30 days after receipt of a request therefor, the amount thereof, provided that A.I.D.'s request is made not later than five (5) years after final disbursement under this Grant.

Section 3.09. Inspection and Audit. The parties shall have the right at any time to observe operations carried out under this Grant Agreement. It is agreed that a financial audit of the project will be made by the two parties within six months after final disbursement under this Agreement and a report on the findings made. Any party, including representatives of A.I.D. or the Comptroller General of the United States, during the term of the Grant and three years

after final disbursement under this Agreement shall further have the right:

(a) To examine any property procured through financing by that party under this Grant Agreement, wherever such property is located; and

(b) To inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by that party under this Grant Agreement, wherever such records may be located and maintained. Financial records, including documentation to support entries on accounting records and to substantiate charges to the Grant, shall be kept in accordance with generally accepted accounting practices. Such records shall be maintained and neither destroyed nor otherwise disposed of until three (3) years after final disbursement under this Grant Agreement, or, if questions about expenditures are raised on audit or otherwise within such time, until all such questions have been resolved. Each party, in arranging for any disposition of any property procured through financing by the other party under this Grant Agreement shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which financed the procurement of the property.

Section 3.10. Use of Property. Any property furnished pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the Project and thereafter shall be used so as to further the objectives of the Project. Either party shall offer to return to the other or to reimburse the other for any property which it obtains through financing by the other party pursuant to the Agreement which is not used in accordance with the preceding sentence.

Section 3.11. Cooperation of Member States. The Commission will assure that each of the member States cooperates with the Contractor selected to perform the services financed under this Grant. The Commission will take such steps as may be necessary to aid the Contractor in obtaining from the Member States all the available data and information which have a bearing upon the Project. Such material will include, but will not be limited to: charts, maps, reports, geological studies, river gauge readings, rainfall data, hydrological information, population statistics, traffic counts, soils data, test results on sand, gravel, rocks and various construction materials. The Commission shall also make available to the Contractor copies of any relevant studies to which the Commission has access.

Section 3.12. Interest Earned on Grant Funds. The Commission agrees that if the use of funds provided under this Grant results in the accrual of interest income to the Commission, or any other person or organization to whom such funds are made available in carrying out the purposes of the Grant, the Commission shall pay to A.I.D. an amount equal to the amount of interest accrued.

ARTICLE IV – Procurement

Section 4.01. Procurement from the United States. Except as A.I.D. may otherwise agree in writing disbursements pursuant to Section 5.01 shall be used exclusively to finance the procurement for the Project of goods and services having their source and origin in the United States.

Section 4.02. Procurement from Member States. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 5.02 shall be used exclusively to finance the procurement for the Project of goods and services having their source in the Member States and their origin either in the Member States or in the United States.

Section 4.03. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 4.04. Plans, Specifications, and Contracts.

(a) Except as A.I.D. may otherwise agree in writing, the Commission shall furnish to A.I.D. promptly upon preparation all plans, specifications, schedules, solicitations of proposals, and contracts relating to that portion of the Project to be financed by A.I.D. and any modifications therein.

(b) Except as A.I.D. may otherwise agree in writing, all of the documents required to be furnished to A.I.D. pursuant to subsection (a) above shall be approved by A.I.D. in writing.

(c) All documents related to the solicitation of proposals relating to goods and services financed under the Grant shall be approved by A.I.D. in writing prior to their issuance.

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

- (i) contracts for engineering and other professional services,
- (ii) contracts for such other services as A.I.D. may specify, and
- (iii) contracts for such equipment and materials as A.I.D. may specify.

In the case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

ARTICLE V – Disbursements

Section 5.01. Disbursements for Dollar Costs. Upon satisfaction of applicable conditions precedent, the Commission may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States bank for payments made to contractors or suppliers, through letters of credit or otherwise, for Dollar Costs of goods and services procured for the Project in accord-

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

Section 5.02. Disbursement for Local Currency Costs. Upon satisfaction of applicable conditions precedent, the Commission may, from time to time, request disbursement by A.I.D. of local currency for Local Currency Costs of 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.

Section 5.03. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Commission and A.I.D. may agree to in writing.

Section 5.04. Terminal Dates for Commitment and Disbursement. Except as otherwise agreed by A.I.D. in writing, no Letter of Commitment, other commitment document, or amendment thereto, shall be issued by A.I.D. in response to requests received by A.I.D. after thirty (30) months, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 5.01 after 36 months, from the date the Commission satisfies the conditions precedent to disbursements under this Agreement.

ARTICLE VI – Miscellaneous Provisions

Section 6.01. Title to Property. Unless otherwise specified by A.I.D. in writing, title to all property financed by A.I.D. pursuant to the Grant Agreement shall be in the Commission.

Section 6.02. Representatives. For all purposes relevant to this Agreement A.I.D. will be represented by the individual holding or acting in the office of Director, Regional Economic Development Services Office, West Africa, and the Commission will be represented by the individual holding or acting in the office of Executive Secretary.

Section 6.03. Communications. Any notice, request, document, or other communication given, made, or sent by the Commission 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 GRANTEE:

Mail Address: Executive Secretary
Lake Chad Basin Commission
P.B. 727
N'Djamena, Chad

Cable Address: Bassintchad

To A.I.D.:

Mail Address: Country Development Officer
American Embassy
P.B. 413
N'Djamena, Chad

Cable Address: AmEmbassy N'Djamena

Section 6.04. Language of Agreement. This Agreement is prepared both in English and French. The English language version shall be considered controlling for purposes of interpretation.

Section 6.05. Applicable United States Laws and Regulations. It is expressly understood that notwithstanding anything in this Grant Agreement to the contrary, A.I.D. shall expend funds and carry on operations pursuant to this Grant Agreement only in accordance with the applicable laws and regulations of the United States Government.

Section 6.06. Termination. Any party may terminate this Grant Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Grant Agreement shall terminate any obligations of the parties to provide financial or other resources to the Project, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Grant Agreement. It is expressly understood that all other obligations under this Grant Agreement shall remain in force after such termination.

Section 6.07. Successor and Assignments. This Grant Agreement shall be binding upon and inure to the benefit of any successor of A.I.D. This Agreement may not be assigned nor may any obligations hereunder be delegated by the Commission without the written consent of A.I.D.

Section 6.08. Entry Into Force. This Grant Agreement has been prepared in multiple identical copies which have been distributed by A.I.D. to the Commission. This Grant Agreement shall be in full force and effect upon the signing of a single or separate identical copies of all of the parties hereto. Should any party so request, each of the parties hereto agrees to re-execute this Agreement so as to provide each party with a fully executed form of agreement.

Section 6.09. Completion Report. Upon completion of the project a completion report shall be drawn up, signed by appropriate representatives of A.I.D. and the Commission, and submitted to A.I.D. and the Commission. The completion report shall include a summary of the actual contributions to the project by each party to this Grant Agreement, and shall provide a record of the activities carried out, the objectives achieved and related basic data. A.I.D. and the Commission shall furnish the other with such information as may be needed to determine the nature and scope of operations under

this Grant Agreement to evaluate the effectiveness of such operations. The Commission agrees to transmit written appraisals of any contractor's performance to A.I.D. on completion of such performance.

Section 6.10. Assignment of Cause of Action. The Commission agrees to execute an assignment to A.I.D., upon request, of any cause of action which may accrue to it in connection with or arising out of a contractor's performance or breach of performance of any contract financed in whole or in part out of funds provided by A.I.D. under this Grant Agreement. Such a request for an assignment of a cause of action will be made only after consultation between the parties to assure that steps envisioned or taken by the Commission to recover under a cause of action are not prejudiced.

Section 6.11. Implementation Letters. A.I.D. may from time to time issue implementation letters that will prescribe the procedures applicable in connection with the implementation of this Agreement.

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

AGENCY FOR INTERNATIONAL
DEVELOPMENT

J LUNDGREN

By John A. Lundgren
Title *Country Development Officer*
Date JUNE 25, 1976

LAKE CHAD BASIN
COMMISSION

BENSON TONWE

By Benson Tonwe
Title *Executive Secretary*
Date LE 25 JUIN 1976

Appropriation No. 72-11X1026
Allotment No. 426-60-677-00-69-61

ANNEX I

Description of Project

The project consists of financing the final engineering design and preparation of cost estimates and contract documents for the improvement to all-weather standards of two roads in the Lake Chad Basin area:

1. A road from Kousseri (Cameroon) to Fotokol (Cameroon), a distance of about 102 kms (64 miles).
2. A road from Magada (Cameroon) passing through Kaele, (Cameroon), Kalfou (Cameroon), and Yagoua (Cameroon) to Bongor (Chad), a distance of about 151 kilometers (94 miles),

including a two-lane bridge crossing of the Logone River between Yagoua and Bongor.

The Kousseri/Fotokol road will have a paved surface of a minimum width of 7.3 meters and shoulders on each side of 2.75 meters minimum width.

The Magada/Bongor road will have a paved surface of a minimum width of 7 meters and shoulders on each side of a minimum width of 1 meter.

The design standards will be such as to allow the widest possible range of potential participation in construction financing of the two roads and will conform to the technical requirements of the concerned countries.

The engineering design will take into account the ramifications of the control and diversion of flood waters caused by the road crossing the flood plains between Yagoua and Bongor so as to minimize the adverse impact of such control and diversion on the natural flow of surface water in that area.

Project No. 625-22-310-534

**ACCORD DE SUBVENTION
ENTRE
L'AGENCE POUR LE DEVELOPPEMENT
INTERNATIONAL
ET
LA COMMISSION DUBASSIN
DU LAC TCHAD**

(PLANS TECHNIQUES DEFINITIFS DE DEUX LIAISONS ROUTIERS)

ACCORD DE SUBVENTION ENTRE L'AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL ET LA COMMISSION DU BASSIN DE LAC TCHAD (PLANS TECHNIQUES DEFINITIFS DE DEUX LIAISONS ROUTIERS)

Accord de Subvention fait et passé le 25 juin 1976 par et entre le Gouvernement des Etats-Unis d'Amérique, agissant par l'intermédiaire de l'Agence pour le Développement International (ci-après dénommée "A.I.D.") et la Commission du Bassin du Lac Tchad (ci-après dénommée "Commission").

ARTICLE I – La Subvention

Section 1.01. Le Projet. La présente Subvention a pour but d'aider la Commission à financer les études d'exécution de deux (2) routes tels que ces plans sont décrits dans l'Annexe I, ci-jointe, laquelle Annexe peut être modifiée par un Accord écrit conclu entre les parties. Les études d'exécution des routes décrites dans l'Annexe I seront dénommées le "Projet". Les biens et services devant être financés au titre de la Subvention seront décrits plus amplement dans les Lettres de mise à exécution dont il est question à la Section 6.11.

Section 1.02. La Subvention. En vertu de la Loi d'Aide à l'Etranger de 1961, telle qu'amendée, l'A.I.D. convient, par le présent Accord, d'allouer à la Commission, conformément aux conditions du présent Accord, un montant maximum d'un million de dollars des Etats-Unis (\$1.000.000), en vue d'aider la Commission à financer les coûts du Projet. Cette Subvention peut être utilisée pour financer les coûts en dollars des Etats-Unis ("coûts en dollars") et les coûts en monnaie locale ("coûts en monnaie locale") des biens et services nécessaires à la réalisation du Projet. A moins que l'A.I.D. n'en convienne autrement par écrit, le montant des coûts en monnaie locale pouvant être financé au titre de la Subvention ne devra pas dépasser le montant obtenu en soustrayant le total des coûts en dollars du Projet du montant de la Subvention.

ARTICLE II – Conditions Préalables au Décaissement

Section 2.01. Conditions Préalables au Décaissement Initial. Préalablement au premier décaissement ou à l'émission de la première Lettre d'engagement au titre de la présente Subvention, la Commission devra, à moins que l'A.I.D. n'en convienne autrement par écrit, fournir à l'A.I.D., d'une manière satisfaisante pour l'A.I.D. quant au fonds et à la forme:

(a) Un avis du conseiller juridique principal de la Commission ou d'un autre conseiller acceptable du point de vue de l'A.I.D. attestant que le présent Accord a été dûment autorisé ou ratifié par la Commission et signé pour son compte et qu'il constitue, de par

toutes ses dispositions, une obligation valide et juridiquement irrévocable de la Commission;

(b) Un relevé des noms des personnes titulaires ou suppléants dans le bureau de la Commission spécifiées à la Section 6.02 ainsi qu'un spécimen de la signature de chacune des personnes dont le nom figure sur cette déclaration.

(c) Un contrat signé couvrant les services de génie requis pour le Projet, acceptable du point de vue de l'A.I.D., avec une firme agréée par l'A.I.D.

(d) La preuve de la source et de la disponibilité des fonds faisant l'objet de la contribution de la Commission au Projet requise par la Section 3.01 ainsi qu'un plan et un calendrier prévisionnel de décaissement de ces fonds.

Section 2.02. Notification de l'Accomplissement des Conditions Préalables. L'A.I.D. avisera la Commission, par écrit et ponctuellement, dès qu'elle aura déterminé que les conditions préalables stipulées à la Section 2.01 auront été remplies.

Section 2.03. Date Limite pour Remplir les Conditions Préalables. Si toutes les conditions stipulées à la Section 2.01 n'ont pas été remplies dans les dix (10) mois qui suivent la date du présent Accord, ou à toute date ultérieure convenue par écrit par l'A.I.D., l'A.I.D. peut, à son gré, mettre fin à cet Accord, par notification écrite de sa décision à la Commission.

ARTICLE III – Engagements Généraux

Section 3.01. Contribution de la Commission. La Commission fournira ou fera en sorte que soient fournis tous les fonds, en sus de la Subvention, et toutes les autres ressources nécessaires à l'exécution efficace et opportune du Projet.

Section 3.02. Exécution du Projet.

(a) La Commission exécutera le Projet avec la diligence et l'efficacité voulues et conformément à de saines pratiques techniques, financières et administratives. A cet égard, la Commission devra, à tous moments, employer des experts-conseils suffisamment qualifiés et expérimentés pour être responsables du point de vue professionnel de la conception et de l'exécution du Projet.

(b) La Commission fera en sorte que le Projet soit exécuté conformément à tous les contrats, plans d'exécution et autres dispositions et à toutes les modifications qui pourraient y être apportées, approuvés par l'A.I.D. en vertu du présent Accord.

Section 3.03. Taxes.

(a) Si l'A.I.D. ou toute autre organisation publique ou privée fournissant des marchandises financées par l'A.I.D. pour des opérations prévues aux termes du présent Accord, dans l'un quelconque des Etats Membres de la Commission (ci-après dénommés les "Etats

Membres") est, en vertu des lois, règlements, ou procédures administratives dudit Etat, passible de droits de douanes ou de taxes à l'importation sur les marchandises importées dans ledit Etat, aux fins d'exécution du présent Accord, la Commission paiera ces droits et taxes à moins qu'une exonération ne soit prévue autrement par un accord international.

(b) Dans le cas où tout personnel (autre que les citoyens et les résidents permanents de l'Etat Membre), qu'ils soient employés par le Gouvernement des Etats-Unis ou par des organismes publics ou privés sous contrat avec l'A.I.D., la Commission, un Etat Membre ou tout autre organisme autorisé par un Etat Membre, présents dans ledit Etat Membre pour fournir des services que l'A.I.D. a convenu de fournir ou de financer au titre du présent Accord, serait, en vertu des lois, règlements ou procédures administratives dudit Etat (i) passible d'impôts sur le revenu ou de contributions au titre de la sécurité sociale en ce qui concerne les revenus sur lesquels il est obligé de payer des impôts et de verser des cotisations au titre de la sécurité sociale au Gouvernement des Etats-Unis, (ii) passible d'impôts sur les biens personnels destinés à sa propre utilisation, ou (iii) passible du paiement de toute redevance ou droit de douane sur les effets personnels ou ménagers apportés dans l'Etat Membre aux fins d'une utilisation personnelle, la Commission paiera tous ces impôts, taxes ou droits à moins qu'une exonération ne soit autrement stipulée dans un accord international approprié quelconque.

Section 3.04. Déplacements à l'Intérieur des Etats Membres.
La Commission prendra les dispositions nécessaires en vue de faciliter les entrées et déplacements des personnes à l'intérieur des Etats Membres afin de leur permettre d'accomplir les tâches, fonctions et services qui leur sont impartis au titre du présent Accord de Subvention, en leur assurant l'obtention d'un visa à entrées multiples, valable un an, ainsi que des visas supplémentaires ultérieurement et selon les besoins.

Section 3.05. Concert de Positions. La Commission et l'A.I.D. se concerteront aussi fréquemment que le besoin s'en fera ressentir pour l'exécution du présent Accord de Subvention et la mise en œuvre des activités prévues aux termes de cet Accord.

Section 3.06. Rapports. La Commission tiendra l'A.I.D. au courant de l'état du Projet, y compris sa planification et sa mise à exécution, et soumettra à l'A.I.D. des rapports à ce sujet dont l'A.I.D. pourrait raisonnablement faire la demande.

Section 3.07. Conditions de Conversion des Fonds. La Commission prendra les dispositions nécessaires pour que les fonds introduits dans les Etats Membres par l'A.I.D. ou tout organisme public ou privé aux fins de remplir les obligations de l'A.I.D. en vertu du présent Accord, soient convertibles dans la monnaie dudit Etat au taux le plus élevé qui, au moment de la conversion, n'est pas illégal dans l'Etat Membre.

Section 3.08. Remboursement. Si l'A.I.D. détermine qu'un décaissement ou une dépense imputée à cette Subvention n'a pas été effectué (e), utilisé(e) ou appliqué(e) conformément aux termes de cet Accord, la Commission convient de rembourser à l'A.I.D., et ce dans un délai de trente (30) jours à compter de la réception d'une demande à cet effet, le montant dudit décaissement ou de ladite dépense, à condition que la demande de l'A.I.D. soit formulée dans un délai maximum de cinq (5) ans après le décaissement définitif au titre de cette Subvention.

Section 3.09. Inspection et Vérification. Les parties auront le droit, à tout moment, d'observer les opérations exécutées au titre du présent Accord de Subvention. Il a été convenu que les deux parties procéderont à une vérification des comptes du Projet dont les conclusions feront l'objet d'un rapport, et ce, dans un délai de six mois à compter du dernier décaissement effectué en vertu du présent Accord. Toute partie, y compris les représentants de l'A.I.D. ou le Contrôleur Général des Etats-Unis, au cours de la durée de la Subvention et des trois années consécutives au décaissement définitif effectué en vertu de cet Accord aura, en outre, le droit:

(a) d'examiner tout bien acquis par ladite partie au moyen du financement autorisé au titre du présent Accord de Subvention, à n'importe quel endroit où ledit bien serait situé; et

(d) d'inspecter et de vérifier tous dossiers et comptes ayant trait aux fonds fournis par ladite partie ou tous biens et tous services contractuels acquis par ladite partie, au moyen du financement autorisé au titre du présent Accord de Subvention, indépendamment de l'endroit où ces registres sont situés et tenus. Les dossiers financiers, y compris les pièces comptables justifiant les entrées sur les livres comptables et prouvant les charges imputées à la Subvention, seront tenus conformément à des pratiques comptables généralement acceptées. Ces dossiers seront tenus et ne seront ni détruits, et il n'en sera pas fait d'autre usage, durant les trois (3) années consécutives au dernier décaissement effectué au titre du présent Accord de Subvention, ou, dans le cas où des questions à propos des dépenses seraient soulevées au cours de l'expertise comptable ou de quelque autre façon au cours de cette période de trois années, jusqu'à ce que toutes ces questions soient résolues. Chaque partie, en prenant toutes les dispositions qui s'imposent lors de l'acquisition de tout bien par l'entremise du financement de l'autre partie en vertu du présent Accord de Subvention, devra s'assurer que les droits d'examen, d'inspection et d'expertise comptable décrits dans la phrase précédente sont réservés à la partie qui a financé l'achat dudit bien.

Section 3.10. Utilisation des Biens. Tout bien fourni conformément à cet Accord devra, à moins d'indication contraire de la part de la partie ayant financé l'achat, être affecté au Projet et, par la suite, devra être utilisé de façon à poursuivre les objectifs recherchés dans l'accomplissement même du Projet. Toute partie devra proposer

de rendre à l'autre partie ou de lui rembourser tout bien obtenu au moyen des fonds de l'autre partie conformément à cet Accord, et qui ne serait pas utilisé en accord avec la phrase précédente.

Section 3.11. Coopératin des Etats Membres. La Commission s'assurera que chacun des Etats Membres coopère avec le Contractant choisi pour exécuter les services financés au titre de la présente Subvention. La Commission prendra toutes les mesures nécessaires en vue d'aider le Contractant à obtenir des Etats Membres tous les renseignements et toutes les données disponibles ayant un rapport avec le Projet. Ces documents comprendront mais sans pour autant s'y limiter des graphiques, cartes, rapports, études, géologiques, lectures de jaugeage de la rivière, données pluviométriques, renseignements hydrologiques, statistiques démographiques, pointages de traffic, renseignements sur les sols, résultats des essais sur le sable, gravier, roche et divers matériaux de construction. La Commission devra remettre dans la mesure du possible au Contractant des copies des études et documents relatifs au projet auxquels elle a accès.

Section 3.12. Intérêts Tirés des Fonds de la Subvention. La Commission convient que, si l'utilisation des fonds fournis au titre de cette Subvention résulte en l'obtention d'intérêts pour la Commission, ou toute autre personne ou organisation pour laquelle ces fonds auront été mis en disponibilité au cours de l'exécution de cette Subvention, la Commission paiera à l'A.I.D. un montant égal au montant des intérêts courus.

ARTICLE IV – Achats

Section 4.01. Achats aux Etats-Unis. A moins que l'A.I.D. n'en convienne autrement par écrit, les décaissements effectués conformément à la Section 5.01 seront utilisés exclusivement pour financer l'acquisition pour le Projet de biens et services ayant leur source et leur origine aux Etats-Unis.

Section 4.02. Achats dans les Etats Members. A moins que l'A.I.D. n'en convienne autrement par écrit, les décaissements effectués conformément à la Section 5.02 seront utilisés exclusivement pour financer l'acquisition pour le Projet de biens et services ayant leur source dans les Etats Membres et leur origine soit dans les Etats Membres soit aux Etats-Unis.

Section 4.03. Date d'Admissibilité. Aucun bien ni service ne peut être financé au titre de la présente Subvention s'il a été acquis par suite de commandes fermes ou de contrats passés ou signés préalablement à la date d'entrée en vigueur du présent Accord.

Section 4.04. Plans, Spécifications et Contrats.

(a) A moins que l'A.I.D. n'en convienne autrement par écrit, la Commission fournira à l'A.I.D., ponctuellement dès leur préparation, tous les plans, devis descriptifs, programmes d'exécution, demandes de propositions et contrats se rapportant à la partie du Projet devant

être financée par l'A.I.D., ainsi que toutes les modifications qui pourraient éventuellement y être apportées.

(b) A moins que l'A.I.D. n'en convienne autrement par écrit, tous les documents exigés par l'A.I.D. conformément à la sous-section (a) ci-dessus devront être approuvés par l'A.I.D. par écrit.

(c) Tous les documents relatifs à la demande de propositions pour les biens et services financés au titre de la Subvention devront obtenir le consentement écrit de l'A.I.D. préalablement à leur publication.

(d) Les contrats suivants financés au titre de la Subvention devront être approuvés par l'A.I.D. par écrit préalablement à leur passation:

- (i) contrats couvrant des services de génie et autres services professionnels,
- (ii) contrats couvrant tous autres services que l'A.I.D. peut préciser, et
- (iii) contrats couvrant tous équipement et matériaux que l'A.I.D. peut spécifier.

Dans le cas de l'un quelconque des contrats de services mentionnés ci-dessus, l'A.I.D. devra également approuver par écrit le Contractant et le personnel du Contractant tel que l'A.I.D. peut le spécifier. Toute modification importante apportée à ces contrats et tout remaniement de personnel devront également obtenir l'approbation par écrit de l'A.I.D. préalablement à leur entrée en vigueur.

ARTICLE V – Décaissements

Section 5.01. Décaissements pour les Coûts en Dollars. Dès l'accomplissement des conditions préalables appropriées, la Commission pourra, de temps en temps, demander à l'A.I.D. d'émettre des Lettres d'engagement pour des montants spécifiés à une banque ou plusieurs banques des Etats-Unis pour des paiements effectués aux contractants ou fournisseurs, par le moyen de lettres de crédit ou d'une autre façon, pour les coûts en dollars des Etats-Unis des biens et services acquis pour les besoins du Projet et conformément aux termes et conditions du présent Accord. Le paiement par une banque d'un contractant ou d'un fournisseur sera sujet à la présentation des documents justificatifs que l'A.I.D. pourra prescrire dans les Lettres de mise à exécution. Les frais bancaires résultant des Lettres d'engagement et des Lettres de crédit seront à la charge de la Commission et pourront être financés à partir de cette Subvention.

Section 5.02. Décaissement pour les Coûts en Monnaie Locale. Dès l'accomplissement des conditions préalables appropriées, la Commission pourra, de temps en temps, demander à l'A.I.D. le décaissement de monnaie locale pour les coûts en monnaie locale des biens et services, acquis pour le Projet conformément aux termes et conditions du présent Accord, en soumettant à l'A.I.D. les pièces justificatives que l'A.I.D. peut prescrire dans les Lettres de mise à exécution.

Section 5.03. Autres Formes de Décaissement. Des décaissements de la Subvention peuvent également être effectués par tout

autre moyen dont la Commission et l'A.I.D. auront convenu par écrit.

Section 5.04. Dates Limites pour les Engagements et Décaissements. A moins que l'A.I.D. n'en convienne autrement par écrit, aucune Lettre d'engagement, ni autre document d'engagement ou amendement à ces derniers, ne seront émis par l'A.I.D. en réponse à des demandes reçues par l'A.I.D. après trente (30) mois, et aucun décaissement ne sera effectué relativement à toute documentation reçue par l'A.I.D. ou toute banque visée à la Section 5.01, après trente six (36) mois, à compter de la date à laquelle la Commission aura rempli les conditions préalables aux décaissements en vertu de cet Accord.

ARTICLE VI – Dispositions Diverses

Section 6.01. Titres de Propriété. A moins que l'A.I.D. n'en convienne autrement par écrit, le titre de propriété de tout bien financé par l'A.I.D. conformément au présent Accord de Subvention appartiendra à la Commission.

Section 6.02. Représentants. A toutes fins d'application du présent Accord, l'A.I.D. sera représentée par le titulaire ou le suppléant du poste de Directeur du Bureau Régional pour le Développement Economique en Afrique de l'Ouest, et la Commission sera représentée par le titulaire ou le suppléant du poste de Secrétaire Exécutif.

Section 6.03. Communications. Tous avis, demandes, documents ou autres communications faits, remis ou envoyés par la Commission ou l'A.I.D. conformément au présent Accord, devront être adressés par écrit ou par télégramme, câble ou radiogramme et seront considérés comme dûment remis, faits ou envoyés à la partie destinatrice lorsqu'ils auront été transmis à ladite partie en main propre, par courrier, télégramme, câble ou radiogramme aux adresses suivantes:

A L'EMPRUNTEUR:

Adresse postale: Secrétaire Exécutif
Commission du Bassin du Lac Tchad
B.P. 727
N'Djamena, Tchad

Adresse télégraphique: Bassintchad

A l'A.I.D.:

Adresse postale: Country Development Officer
American Embassy
B.P. 413
N'Djamena, Tchad

Adresse télégraphique: Amembassy N'Djamena

Section 6.04. Document Prévalant. Le présent Accord est préparé en anglais et en français. La version en langue anglaise sera considérée comme prévalant aux fins d'interprétation.

Section 6.05. Lois et Règlementations Appropriées des Etats-Unis. Il est expressément entendu que nonobstant toute disposition contraire contenue dans le présent Accord de Subvention, l'A.I.D. dépensera les fonds et exécutera les opérations aux termes du présent Accord de Subvention uniquement conformément aux lois et règlements appropriés du Gouvernement des Etats-Unis.

Section 6.06. Résiliation. Toute partie peut mettre fin au présent Accord de Subvention en donnant à l'autre partie un préavis de trente (30) jours de l'intention de ce faire. La résiliation du présent Accord de Subvention entraînera la cessation de toutes les obligations des parties de fournir des fonds ou autres ressources au Projet, à l'exception des paiements pour lesquels elles se sont engagées en vertu d'engagements non résiliables passés avec des tierces parties préalablement à la résiliation de cet Accord. Il est expressément entendu que toutes les autres obligations aux termes du présent Accord de Subvention resteront en vigueur après ladite résiliation.

Section 6.07. Successeur et Cessions. Le présent Accord de Subvention aura force obligatoire et prendra effet au bénéfice de tout successeur de l'A.I.D. La Commission ne pourra ni consentir de cession au titre du présent Accord, ni déléguer l'une quelconque des obligations qui en découlent sans le consentement écrit de l'A.I.D.

Section 6.08. Entrée en Vigueur. Le présent Accord de Subvention a été préparé en copies identiques multiples distribuées à la Commission par l'A.I.D. Le présent Accord de Subvention entrera en vigueur à la signature par toutes les parties au présent Accord d'une seule ou de plusieurs copies identiques. Dans le cas où l'une ou l'autre des parties en ferait la demande, chacune des parties au présent Accord convient de signer à nouveau le présent Accord afin que chaque partie ait une copie dûment signée de l'Accord.

Section 6.09. Rapport d'Exécution. Dès l'achèvement du Projet, un rapport d'exécution devra être rédigé, signé par les représentants appropriés de l'A.I.D. et de la Commission et soumis à l'A.I.D. et à la Commission. Ce rapport devra comprendre un résumé des contributions réelles de chaque partie au Projet dans le cadre du présent Accord de Subvention, ainsi qu'un compte rendu des activités accomplies, des objectifs atteints et des données fondamentales y afférents. L'A.I.D. et la Commission fourniront l'une à l'autre tous les renseignements nécessaires à la détermination de la nature et de la portée des opérations menées en vertu du présent Accord de Subvention en vue d'évaluer l'efficacité desdites opérations. La Commission convient de transmettre à l'A.I.D. des rapports d'appréciation écrits sur les réalisations de tout contractant dès l'achèvement desdites réalisations.

Section 6.10. Cession de Base d'Action Judiciaire. La Commission convient de signer une cession à l'A.I.D., sur sa demande, de toute base d'action judiciaire pouvant survenir dans le cadre ou par suite de l'exécution ou du défaut d'exécution par un contractant de tout contrat financé en tout ou en partie par des fonds fournis par l'A.I.D. aux termes du présent Accord de Subvention. La demande de cession de base d'action ne se fera que quand les parties intéressées se seront concertées pour assurer qu'elle ne portera pas préjudice aux mesures de recouvrement conformes à une base d'action que la Commission aura envisagées ou prises.

Section 6.11. Lettres de Mise à Exécution. L'A.I.D. pourra, de temps en temps, émettre des Lettres de mise à exécution qui prescriront les procédures applicables dans le cadre de l'exécution du présent Accord.

EN FOI DE QUOI, la Commission et les Etats-Unis d'Amérique, chacun agissant par l'intermédiaire de ses représentants dûment mandatés, ont fait établir et signer le présent Accord de Subvention en leur nom au jour et à l'année indiqués en tête des présentes.

AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL

COMMISSION DU BASSIN DU LAC TCHAD

J LUNDGREN

BENSON TONWE

Par John A. Lundgren

Par Benson Tonwe

Titre Directeur de l'A.I.D.

Titre Secrétaire Exécutif

Date JUNE 25, 1976

Date LE 25 JUIN 1976

Appropriation No. 72-11x1026

Affectation No. 72-11x1026

Allotment No. 426-60-677-00-69-61

Répartition No. 426-60-677-00-69-61

ANNEXE 1

Description du Projet

Le projet comprend le financement des études d'exécution et l'établissement du dossier d'appel d'offres des travaux d'aménagement des deux routes, situées dans la région du Bassin du Lac Tchad.

1. Une route reliant Kousseri (Cameroun) à Fotokol (Cameroun) d'une longueur approximative de 102 kms (64 miles).
2. Une route reliant Magada (Cameroun) à Bongor (Tchad) et passant par Kaélé (Cameroun), Kalfou (Cameroun) et Yagoua (Cameroun), d'une distance environ 151 kms (94 miles) et comprenant un pont à deux voies enjambant la Rivière Logone entre Yagoua et Bongor.

La route Kousseri/Fotokol aura une chaussée bitumée d'une largeur minimum de 7.3m et des accotements de chaque côté d'une largeur minimum de 2.75m.

La route Magada/Bongor aura une chaussée bitumée d'une largeur minimum de 7m et des accotements de chaque côté d'une largeur minimum de 1m.

Les normes technique devront être telles qu'elles permettront l'échantillon le plus large possible de participants à la construction des deux routes et elles devront être conformes aux exigences techniques des pays concernés.

Les études d'exécution tiendront compte des divers aspects du contrôle et de la déviation des eaux d'inondation causées par le fait que la route traverse des plaines d'inondation entre Yagoua et Bongor, et c'est afin de minimiser les éventuelles conséquences néfastes du flux naturel des eaux de surface.

MACAU

Trade in Cotton, Wool, and Man-Made Fiber Textiles and Textile Products

*Agreement amending and extending the agreement of March 3,
1975.*

Effectuated by exchange of notes

*Signed at Hong Kong and Macau August 4 and 17, 1976;
Entered into force August 17, 1976.*

*The American Consul General to the Macau Secretary for Economic
Coordination*

AMERICAN CONSULATE GENERAL

HONG KONG, August 4, 1976

SIR:

I refer to the Bilateral Agreement of May 3, 1975,^[1] between the Governments of the United States and Portugal (hereinafter referred to as the Agreement) relating to trade in cotton, wool and man-made fiber textiles between the United States and Macau, and to discussions between the Governments of the United States and Macau on April 26, 1976.

As a result of these discussions, I propose the following amendment to the Agreement:

1. Annex A shall be amended as follows:

A. The description for Category 62 shall be revised to read as follows:

62	Other knitted or crocheted Clothing excluding knit shirts and blouses	LB.	4.6
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B. Between Category 62 and 63, a new subcategory shall be listed as follows:

62 (part).	Knit shirts and blouses	Doz.	7.234
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C. The description for Category 224 shall be revised to read as follows:

224	Other wearing apparel, knit, whether or not ornamented, excluding knit tops and vests	LB.	7.8
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¹ Should read "March 3, 1975". TIAS 8027; 26 UST 215.

D. Between Category 224 and 225, a new subcategory shall be listed as follows:

224 (part). Knit tops and vests Doz. 15. 69

2. In Paragraph 1 of the Agreement, the first sentence shall be amended to read as follows:

"The term of this agreement shall be from January 1, 1975 through December 31, 1979."

3. Paragraph 4 is hereby amended as follows:

"Within the limit for Group I, the following specific limits shall apply for the second agreement year:"

CATEGORY	DESCRIPTION	UNITS	SQUARE YARDS EQUIVALENT
22/23	Twills and sateens, cotton	2,000,000 Syd	
41/42/43/62 (Part)	Knit shirts and blouses, cotton	386,251 Dz	2,794,140
41/42 (sublimit)	Knit T-shirts	(175,000 Dz)	(1,265,950)
43/62 Part (sublimit)	Knit shirts and blouses	(225,800 Dz)	(1,633,437)
49	Other coats, cotton	63,208 Dz	2,054,266
50/51	Trousers, slacks and shorts, cotton	203,002 Dz	3,612,826
218/219/224 (Part)	Knit shirts, blouses and tops		9,246,672
218 (sublimit)	Knit T-shirts	(102,728 Dz)	(743,750)
224 (sublimit)	Knit tops and vests	(47,403 Dz)	(743,750)
221	Sweaters, MMF	77,852 Dz	2,864,954
222	Knit trousers, shorts, MMF	153,421 Dz	2,730,900
223	Knit underwear, MMF	132,503 Dz	2,120,048
224 (Part)	Other knit apparel MMF, excl. tops	210,729 Lr	1,643,690
229	Coats, MMF	143,833 Dz	5,933,131

4. In Paragraph 6 (A), the third sentence shall be amended to read:

"Within the aggregate and applicable group limits, all specific limits shall be increased by 6.25 percent annually except those limits in Group II which shall be increased by 1 percent annually."

5. In Paragraph 8, the fourth sentence shall be amended to read:

"The consultation level for each category not given a specific limit shall be 1,000,000 square yards equivalent in categories 1-38, 64, 200-213, 241-243; 700,000 square yards equivalent in categories 39-63 and 214-240; and 102,010 square yards equivalent in categories 101-132."

If this proposal is acceptable to the Government of Macau, this note and your note of confirmation on behalf of the Government of

Macau shall constitute an Agreement between the two Governments which will enter into force on the date of your reply of acceptance.

CHARLES T. CROSS

Dr. RAMIRO DE ANDRADE FONSECA DE ALMEIDA
Secretary for Economic Coordination
Government of Macau
Macau

The Macau Governor to the American Consul General

RESIDÉNCIA DO GOVERNO
MACAU
GABINETE DO GOVERNADOR

MACAU August 17, 1976.

Note of Confirmation

Referring to the Memorandum of Understanding resulting from discussions on April 26, 1976 in Macau and your new proposals contained in your note of August 4, 1976, I now wish to confirm that all such proposals are acceptable to the Government of Macau.

The Governor of Macau,
LEANDRO
José Eduardo Garcia Leandro
Coronel

SAUDI ARABIA

**Technical Cooperation in Manpower Training
and Development**

*Agreement signed at Riyadh June 12, 1976;
Entered into force August 6, 1976.*

Project Agreement
Between
the Ministry of Labor and Social Affairs
and the Ministry of Finance and National Economy
of the Kingdom of Saudi Arabia
and
the Department of Labor
and the Department of the Treasury,
United States of America
for
Technical Cooperation
in
Manpower Training and Development

Article 1. This Agreement between the Ministry of Labor and Social Affairs, and the Ministry of Finance and National Economy of the Kingdom of Saudi Arabia (hereinafter referred to as MLSA and MFNE, respectively) and the Department of Labor and the Department of the Treasury of the United States (hereinafter referred to as USDL and USDT, respectively) defines a project of cooperation in manpower training and development to be carried out by USDL in cooperation with MLSA. This project will involve the provision of manpower training and development advisory services to assist MLSA in various programs, and technical advisory services in the design, construction and equipping of vocational training facilities in the Kingdom as outlined in Articles 15 through 17 of this Project Agreement. This project will be carried out under the auspices of the United States-Saudi Arabian Joint Commission on Economic Cooperation and in accordance with the provisions of the Technical Cooperation Agreement between the Governments of Saudi Arabia and the United States signed on February 13, 1975^[1], which is hereby incorporated by reference and becomes a part of this Agreement.

¹ TIAS 8072; 26 UST 880.

Article 2. In accordance with the agreement contained in the Joint Communiqué on the First Session of the U.S.-Saudi Arabian Joint Commission [1] on Economic Cooperation, signed on February 27, 1975, and the statement in the Joint Communiqué of the Joint Commission, issued on March 1, 1976, USDL will provide or assure manpower training and development advisory services in the following areas of cooperation: on-the-job training, skill training for illiterates, operation of a microteaching clinic, school administration and management, labor market analysis, English language classes, preparation of instructional materials, vocational counseling and testing, integration of remedial training center programs with vocational training center programs, upgrading craft programs, maintenance of vocational training equipment and advice in placing Saudi students in educational institutions in the United States. A brief description of these areas of cooperation in Saudi Arabia is contained in Attachment I.

Article 3. USDL will provide or assure manpower training and development advisory services in accordance with Attachment II. A brief description of each adviser's work program is contained in that Attachment. The schedules provided in the Attachment, the lengths of time designated, and the order of occurrence of activities are estimates. Refinement and changes in specific details may prove necessary and may be undertaken by USDL in consultation with MLSA.

Article 4. The USDL will provide advice to MLSA concerning private sector participation in the services described in Attachment I. It is contemplated that the private sector will make an important contribution to assistance in manpower training and development in Saudi Arabia.

¹ TIAS 8128; 26 UST 1689.

Article 5. Except as may be otherwise mutually agreed, USDL will act in an advisory capacity in assisting the office of the Saudi Arabian Government Educational Office in Houston (hereinafter referred to as SAG/H) in placing Saudi students chosen by MLSA in educational institutions in the United States for English language training, upgrading of occupational skills, and training in vocational instructional techniques; and in the technical and professional monitoring of the programs.

Article 6. USDL will provide manpower training and development advisory services during subsequent periods after June 15, 1976 or as may be mutually agreed by the parties to this Agreement. USDL will prepare detailed project recommendations and budgetary estimates for the continuation of this overall project on a timely basis.

Article 7. USDL will, upon request of the MLSA, keep confidential any information or data provided to it by the MLSA or generated as a result of the activities of USDL pursuant to this Agreement.

Article 8. USDL, in collaboration with USDT, will prepare and transmit to MLSA and MFNE quarterly reports covering the overall status and progress of the project as well as areas of concern and recommendations for adjustment or changes in the project.

Article 9. Overall coordination of this technical cooperation project with other Joint Commission activities within the United States Government and provision of certain administrative facilities and support for this project as previously agreed will be the responsibility of USDT.

The Office of the Joint Economic Commission in Riyadh will serve as the point of contact for communications between the MLSA, MFNE, USDL, and USDT concerning this project. It will facilitate activities under this Agreement and will monitor the implementation of this Agreement in Saudi Arabia.

Article 10. MLSA shall, either directly or through MFNE and other Saudi Arabian agencies, support this technical cooperation project by:

- a) Designating a MLSA official as a counterpart for the USDL Project Director, described in Attachment II, who shall be responsible for the coordination of activities with the USDL Project Director;
- b) Providing Saudi counterparts as specified in Attachment II;
- c) Except as may be otherwise mutually agreed, delegating to the SAG/H the responsibility for the selection and signing of contracts with educational institutions; the monitoring of the effectiveness of the training provided; and the handling of all financial matters connected with enrollment, tuition, per diem, international and domestic travel and other expenses related to the instructional training program for Saudi students in the United States (MLSA and SAG/H will also be responsible for all personnel matters that may arise in the conduct of this program);
- d) Providing all available data and other information which may be needed by USDL to fulfill its obligations under this Agreement;
- e) Providing all such facilities and support as agreed in the Technical Cooperation Agreement signed on February 13, 1975, including but not limited to exemption for the United States Government from taxes and customs duties, and privileges and immunities for all American employees of the United States Government and their dependents;

- f) Providing adequate office space, office furnishings, utilities, telephone facilities, and maintenance and upkeep of such office space for each USDL employee assigned to Saudi Arabia pursuant to this Agreement; and providing such supplies and materials as may be required for official duties;
- g) Providing funds for the purchase of all the equipment needed for project implementation as mutually agreed with USDL. Attachment III outlines anticipated equipment needs for implementation of the first year of the project, exclusive of those required for Architectural and Engineering (A&E), construction and related activities;
- h) Providing services, when necessary, to obtain clearance in matters including, but not limited to, customs, drivers permits, and other services that may involve other agencies of the Government of Saudi Arabia;
- i) Providing interpreter and translator services as needed;
- j) Providing other related support as may be appropriate to the conduct by the USDL employees of their official advisory or other duties including adequate secretarial and clerical assistance; and
- k) Agreeing to such further support for the construction aspects of this project as shall be appropriate to insure their accomplishment.

Article 11. The Joint Economic Commission will, when requested, assist the Office of the U.S. Representation in locating and making available suitable housing for all United States Government employees stationed in Saudi Arabia in connection with this project.

Article 12. If any party to this Agreement is rendered unable, because of force majeure to perform any of its responsibilities under this Agreement, these responsibilities shall be suspended during the period of continuance of such inability. The term "force majeure" means acts of God, acts of the public enemy, war, civil disturbances, and other similar events not caused by nor within the control of the parties. During the period of suspension of performance caused by force majeure, USDL and USDT may continue to pay normal costs of maintaining project personnel in Saudi Arabia from funds advanced to the United States by the Government of Saudi Arabia. In the event of suspension of a party's duties because of force majeure, the parties shall consult and endeavor jointly to resolve any attendant difficulties.

Article 13. The cost for those advisory training services and related procurement to be provided by USDL described in Attachments I through III for the initial period of this project covering June 15, 1976, through June 20, 1977, is estimated to be US\$8,132,650. This estimate covers the following expenses:

Personnel Compensation and Benefits	U.S. \$1,066,300
Travel and Transportation	443,235
Housing (Includes Estimated Costs for Three Years)	4,279.150
Other Expenses	<u>2,343,965</u>
	U.S. \$8,132,650

The estimates in Articles 13 and 14 exclude any Government of Saudi Arabia or local taxes and assessments which might otherwise be applicable. A final accounting for all expenditures made by USDL for the period through June 20, 1977 will be provided to the Government of Saudi Arabia by USDL through USDT. Subsequent budgets for the remaining years or phases of this project will be prepared and submitted by USDL and USDT for acceptance by the Government of Saudi Arabia. Final costs for goods and services will cover only actual goods purchased and services provided.

Article 14. The Government of Saudi Arabia agrees to deposit in the dollar trust account in the United States Treasury established by the Technical Cooperation Agreement, the sum of U.S. \$23,132,650 to cover (a) the estimated costs for the initial time period described in Article 13 above; (b) those technical advisory services specifically described in Articles 15, 16, and 17, including funds required for contracts for Construction Management and Architectural and Engineering Master Planning and Design. The estimated cost for (b) above covers the following expenses:

Personnel Compensation and Benefits	U.S. \$ 1,500,000
Travel and Transportation	400,000
Housing (Includes Estimated Costs for Three Years)	2,100,000
Construction Management	2,500,000
Architectural and Engineering Master Planning & Design	7,000,000
Other Expenses	<u>1,500,000</u>
	U.S. \$15,000,000

Upon agreement on each succeeding budget, the Government of Saudi Arabia will deposit in said dollar trust account the dollar amount in the estimates for the goods and services to be provided by the U.S. Department of Labor.

Article 15. The following procedure will be adhered to so as to obtain Architectural and Engineering (A & E) services necessary for completing a Master Plan and Design for expanding and equipping existing vocational training centers and constructing and equipping new centers.

The Department of Labor will be responsible for making arrangements for providing technical advisory services and for:

- a) preparing a synopsis of the scope of work to be performed and advertising the project in the Commerce Business Daily;
- b) evaluating the responses received, prequalifying A & E firms with identification of the better (five to six) qualified firms;
- c) preparing and issuing Requests for Proposals (RFP's) to the prequalified firms identified above;
- d) receiving Technical Proposals from the A & E firms and evaluating their submissions on the basis of responsiveness to the RFP;
- e) ranking in order of preference of the three A & E firms considered best qualified;
- f) submitting the list of best qualified A & E firms to the Ministry of Labor and Social Affairs;
- g) supervising performance of all A & E contracts signed by the MLSA under this project Agreement.

The Ministry of Labor and Social Affairs (MLSA) shall be responsible for:

- h) selecting the A & E firms and obtaining cost proposals which shall be jointly negotiated by the U. S. Government and the Saudi Arabian Government;
- i) awarding and signing the contract directly with the A & E firm;

The Ministry of Finance and National Economy (MFNE) shall be responsible for:

- j) providing funds to the dollar trust account to cover all A & E contract and supporting costs for engineering technical advisory services for the first year in the amount of fifteen million dollars;
- k) authorizing the Department of Labor to approve the disbursement of funds on the basis of progress achieved.

Article 16. The following procedure will be adhered to so as to obtain construction services necessary for expanding and equipping existing vocational training centers and constructing and equipping new centers:

The Department of Labor will be responsible for making arrangements for providing technical advisory services and for:

- a) arranging for the preparation of the bid tender documents commonly known as Invitations for Bids (IFBs);
- b) preparing a synopsis of the scope of work to be performed for use in advertising for prequalification data from interested construction contractors;

- c) providing technical services to the MLSA in the prequalification process;
- d) providing technical services to the MLSA in performing bid analysis;
- e) providing supervision and arranging for technical supervision and inspection services contracts for all construction and for equipment installations using the procedure in Article 15.
- f) providing technical services for final inspections and for beneficial occupancies of constructed facilities by MLSA.

The Ministry of Labor and Social Affairs shall be responsible for:

- g) advertising the project for prequalification data from interested construction contractors on an international basis;
- h) performing analyses of prequalification data received and establishing lists of qualified construction contractors;
- i) distributing IFB to each prequalified contractor;
- j) performing analyses of all bids received and selecting construction contractors;
- k) awarding and signing construction contracts;
- l) performing final inspections for acceptance of completed facilities.

Article 17. The following preliminary study covers the scope of this construction program, physical plant requirements and anticipated sequence of events. It contemplates cooperation between MLSA and USDL project personnel with both the objectives of providing training to counterparts and consultation concerning the construction phases of this Agreement.

Scope of Construction

A. The Vocational Training Center (VTC) construction program will involve expansion of selected existing training centers and the construction of new ones as requested by MLSA and described below. Both the new and expanded centers will be constructed and completely furnished and equipped before beneficial occupancy. This work will include all of the engineering planning, design, construction of buildings and the installation of equipment in the shops, furnishing of tools, furniture, the teaching aids in the classrooms, the furniture and fixtures for dormitories, classrooms, housing and related services. The site work will include all paving, site beautification, utility distribution (water, power, gas, sewage), general landscaping and fencing. Procedures followed shall be in compliance with Articles 15 and 16 above.

B. Determination of all expansion work and new construction will be made at the Master Plan Stage for possible inclusion by phases for future construction. This is necessary in order to allow times to conduct a labor market survey which will determine the critical skills and occupations needed both qualitatively and quantitatively in the geographic area services by the VTC.

C. The following outline of the skills to be developed is intended to establish basic facilities requirements only and may therefore be modified to meet the program and area needs of individual centers.

a. Mechanical technology

Auto body repair
Auto mechanics
Welding
Sheet metal
Machine shop

Equipment repair and rebuilding
Hand tools, general
Refrigeration, basic
Diesel engine mechanics
Printing

b. Electrical technology

A/C-D/C circuits
Controls
Electrical wiring
Instrumentation
Electric winding
Maintenance

c. Construction technology

Carpentry
Plumbing
Hand tools, miscellaneous trades
Air conditioning, heating and ventilation
Heavy equipment operation and maintenance
(crane, bulldozer, trucks)

d. Building, General

Trowel trades (masonry, concrete finish,
terrazzo, tile, marble setting)
Painting
Cabinetmaking
Upholstery
Reinforcing steel

e. Food Services

Food preparations
Nutrition, menu planning, sanitation

f. Administration

Typewriting
Reproduction, Graphics
Supply Management, Stockroom

g. Others

Typewriter repair
Office equipment repair
Tailor
Hairdresser

D. The first phase proposed is the preparation of a Master Plan for the total construction program.

Master Planning includes the preparation of conceptual schematics, models, colored renderings, as well as space studies and preliminary specifications. At this stage an order of magnitude estimate of construction costs is developed for the proposed Centers.

MLSA and MFNE will, after the completion of the Master Plan, evaluate all of the proposed facilities and the construction for each and to make further determinations on the scope and magnitude of the construction program. Following approval by MLSA and MFNE, A&E consultant(s) will prepare final designs, specifications and bidding documents for construction.

E. Should MLSA prefer to defer decision on expansion of certain Centers until the Master Plan review, land purchase should be deferred also. When it is decided to proceed with the project, the required land can be obtained. The Master Planner will provide MLSA with the land requirements as well as layout during presentation. The site survey and site investigations of the new land would be included in the A/E design contract and still meet the requirement to finish data for bid documents prior to construction.

F. Upon MLSA approval of the Master Plan, A&E Consultant(s) will prepare the final design, specifications, and the Invitation for Bid (IFB) documents.

G. The selection of contractors will be based on the procedure outlined in Article 16 which requires the contract award be made on the basis of the lowest responsive bidder. The contractors will be encouraged to make maximum use of available manpower, subcontractors and materials

throughout the Kingdom of Saudi Arabia.

H. During the life of the construction programs the USDL will be responsible for conducting or arranging for construction supervision. This requires close supervision and inspection to assure quality control of all construction, strict adherence to material procurement specifications and complete compliance with all elements of the construction contract including completion dates.

I. To ensure reliable operation of all plant facilities and perform timely preventative maintenance, a staff for each Center will be recruited, under a separate contract, given on-the-job training and supervised for a reasonable period of time after occupancy by MLSA. This is a critical final phase of the program because a well-trained staff will assure that the facilities in each Center will continue to function and operate efficiently.

J. Implementation of this construction program requires approval by the Government of Saudi Arabia to proceed with appropriate staffing.

The outline of this Master Planning follow:

The A&E Consultant will make a study of the feasibility and engineering requirements of the facilities desired in the locations designated or selected, such studies to be comprehensive in nature and covering access to site, availability of suitable and adequate water and construction materials, climatic conditions and surface and subsurface conditions. Construction criteria for design shall be established and a preliminary Master Plan, including cost estimates, models and layouts shall be prepared and submitted to the Government of Saudi Arabia for approval of functions, scope and siting prior to initiation of actual design.

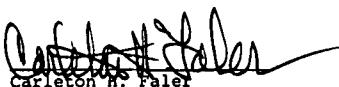
Article 18. This Agreement shall become effective after signature by representatives of the parties and after the deposit by the Government of Saudi Arabia of the initial sum described in Articles 14 and 15 [1] above covering the period June 15, 1976 through June 20, 1977, and shall remain in effect until July 1, 1985 or the termination of the Technical Cooperation Agreement of February 13, 1975, whichever shall occur first.

Article 19. This Agreement may be amended or supplemented with the concurrence of all parties.

Article 20. USDL, USDT, MLSA and MFNE shall consult, upon request of any party, regarding any matter relating to the terms of this Agreement and shall endeavor jointly in a spirit of cooperation and mutual trust to resolve any difficulties or misunderstandings that may arise.

UNITED STATES OF AMERICA

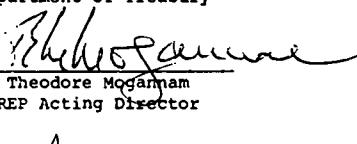
Department of Labor


Carleton M. Faler
Chief, Division of Overseas
Cooperation

Bureau of International Labor Affairs

Date: 12 June 1976

Department of Treasury


E. Theodore Moagham
USREP Acting Director

Date: June 12, 1976

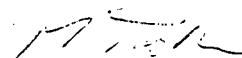
KINGDOM OF SAUDI ARABIA

Ministry of Labor and Social Affairs


Dr. Abdul Wahab Attar
Acting Deputy Minister of Labor

Date: June 12, 1976

Ministry of Finance and National Economy


Dr. Mansoor Al-Turki
Coordinator for Saudi Arabian-
United States Joint Commission
on Economic Cooperation

Date: June 12, 1976

¹ Aug. 6, 1976.

Attachment I

Areas of Cooperation for Work to be
Performed in Saudi Arabia

A. USDL and MLSA will attempt, in connection with this technical cooperation project, to determine on a pilot basis the feasibility of utilizing a number of innovative techniques to meet Saudi Arabia's needs for skilled manpower.

B. USDL will train or assure the training of MLSA personnel in the specialty fields described in Article C below as well as in such other fields of expertise as may be agreed upon by the MLSA, MFNE, USDL, and USDT. One goal of this training will be to provide MLSA with the expertise to effectively carry out the future planning and implementation of vocational training programs in these specialty fields.

C. USDL proposes to provide or assure the provision of technical advisory services to the MLSA in the following areas during the year following the formal signing of the Project Agreement:

1) On-The-Job Training Specialists

Two On-The-Job Training Specialists to work with an equal number of Saudi counterparts in establishing working relationships with key industry groups and possibly with government units in Riyadh for the purpose of developing on-the-job training programs for certain supervisory and non-supervisory employees.

A major objective of this program will be to assist industrial and commercial establishments in developing internal training programs that are responsive to specific organizational needs. In addition, special night programs will be developed for employees of firms which are too small to provide their own training programs.

These On-The-Job Training Specialists will arrange for job analyses and training needs surveys in industrial and commercial establishments to evaluate the relevancy of the instructional materials currently being used. This data will then be used by the USDL's instructional design specialists (see #6) as a basis for producing video cassettes, film, programmed instruction, and related new instructional material. USDL may, at its option, tender for the actual initial production in the United States of such film and video material, or for any mass production of such material which may follow after approval by the MLSA.

2) Skill Training Program for Illiterates

Two-to-six short-term specialists as necessary will work with an equal number of Saudi counterparts and its On-The-Job Training Specialists in establishing a training program in the Riyadh Vocational Training Center or in certain industries, or both places, to provide unskilled illiterates with occupational skills in critical occupations. Specific courses and programs in this area will be determined jointly by the MLSA and the appropriate USDL specialists based on information to be obtained from the Saudi Arabian Central Planning Organization and from the public and private sectors.

3) Microteaching Clinic

One Microteaching Specialist will help establish and operate a Microteaching Clinic within the Instructor Training Institute in Riyadh. This Clinic will be used to train new Saudi instructors and upgrade teaching skills of the existing Saudi staff. An additional objective of the Microteaching Specialist will be to train Saudi instructors to operate the Clinic.

4) School Administration and Management

One specialist in School Administration and Management

will work with one Saudi counterpart in developing training programs for Saudi vocational training school administrators in administrative and management functions necessary for efficient school operation. These will include such areas as accounting, purchasing, budgeting, inventory control, food management, and the keeping of personnel and student records. The specialist will work specifically in the Riyadh Vocational Training Center and the Riyadh Instructor Training Institute, but the programs developed should have general applicability to other schools and areas.

5) Labor Market Analysis

Two Labor Market Analysts will endeavor to determine specific occupational needs of the private and public sectors both currently and for the future in the light of the current Saudi Five Year Plan. The Analysts will work together with two Saudi counterparts and the On-The-Job Training Specialists in organizing a system for providing the MLSA with a continuing flow of data on priority manpower needs by region and key sectors of the economy. They will also develop a program for training MLSA personnel in the operation of the system. The system should include methods for obtaining data on projected manpower needs, needed training programs, and investment schedules for new industrial and commercial establishments.

6) Instructional Materials Development Center

USDL, in conjunction with MLSA, will establish or assure the establishment of an instructional materials development center in

Riyadh which will prepare instructional materials for multimedia presentations using video cassettes, film, audio tapes, programmed instruction and other methodologies. The goal of this program will be to develop the maximum utilization of capital intensive equipment and innovative techniques so that instruction within the vocational training centers will move from a group orientation to a more individualized approach.

7) Vocational Counseling and Testing

One specialist in School Administration and Management will develop a vocational counseling and testing program which can then be used to achieve an optimal match between student interests and capabilities and existing career opportunities. The program will provide a method of testing staff performance in occupational and teaching skills as well as a series of remedial programs. The program will initially be designed to meet the needs of students at the Riyadh Vocational Training Center, but should have applicability for other areas.

8) Instructional Linkage

One specialist in School Administration, with the assistance of other relevant personnel, will conduct studies of remedial centers (pre-vocational centers) in the Riyadh area to determine whether they provide the prerequisites for successful completion of the programs offered by the Riyadh Vocational Training Center. Once these studies are completed, recommendations for necessary adjustments in the programs of the remedial centers will be made.

9) Craft Programs

Subject specialists will initiate quality improvement programs in the Riyadh Vocational Training Center in as many craft areas as possible, depending on priorities established in consultation with the MLSA and on the availability of Saudi counterparts. Improvements will be made in course content and in instructional techniques through the introduction of modern training materials.

10) English Language Classes

As an integral part of the vocational training program, the Specialist in School Administration and Management, with the assistance of other appropriate personnel, will work together with MLSA to establish English language classes for both vocational training instructors and students in the Riyadh Vocational Training Center. Once established, this teaching program will have general applicability to Vocational Training Centers in other areas of Saudi Arabia such as Jidda and Damman.

11) Maintenance Program

USDL advisors will maintain the electronic and mechanical equipment used in this project. Wherever possible, Saudi counterparts or instructors will be trained to operate and maintain this equipment in the vocational training centers and the Instructor Training Institute.

Attachment II

Advisers Work Program

There follows a description of the advisers who will provide manpower training and development advisory services pursuant to Article 3 of the Project Agreement to which this is an Attachment.

For each adviser, there is indicated his area of specialization, a brief description of his anticipated duties, his estimated arrival date in Saudi Arabia, and minimum Saudi counterpart requirements.

Estimated arrival dates are contingent on, among other things, finalization of the Project Agreement before June 15, 1976, the availability of suitable housing and up to an additional 60 days to complete employment procedures for new hires.

It is anticipated that all of the advisers described in this Attachment will be stationed in Riyadh.

<u>Estimated Arrival Date</u>	<u>Area of Specialization and Minimal Need for English-speaking Saudi Counterparts</u>
July 15, 1976	a. One Project Director - project planning, direction, coordination, and evaluation. One full-time English-speaking counterpart.
July 15, 1976	b. One Associate Director (Vocational Training) - responsible for VT project, including equipment and VT staff and coordination with MLSA counterpart who should be full-time and English speaking.
July 15, 1976	c. One Associate Director (Engineering) - responsible for all aspects of design and construction, including management staff associated with same. May require services of a competent interpreter or English-speaking full or part-time counterpart.
July 15, 1976	d. One Assistant to the Associate Director (Vocational Training) - broadgauged professional to provide short-term technical assistance and support as needed in such diverse areas as on-the-job training,

<u>Estimated Arrival Date</u>	<u>Area of Specialization and Minimal Need for English-speaking Saudi Counterparts</u>
	school administration, illiterate training, and assume responsibility for much of the day-to-day problem solving and documentation required by this project.
July 15, 1976	e. Two Labor Market Analysts to collect and analyze labor market information of the critical skills and occupations needed by both the public and private sectors in the geographic area serviced by the new and expanded vocational training centers. The Labor Market Analysts will perform their function with counterpart assistance from the MLSA Office of the region in which the work is being performed. Two English-speaking counterparts.
July 15, 1976	f. Two On-The-Job Training Specialists to conduct training needs surveys within industry, and design programs to meet these needs. These programs will involve both operating and supervisory personnel. Two English-speaking counterparts.
July 15, 1976	g. Two Subject Specialists (automotive repair, welding, etc.) to develop curriculum, upgrade Saudi instructors and work with program writers in preparation of scripts for instructional films and video-cassettes. Two English-speaking counterparts.
July 15, 1976	h. Two Program Writers to determine level, pace, sequence, and organization of the instructional material to be used for production of film and video-cassettes. They will perform task analysis and field testing of material consistent with behavioral objectives methodology. Two Saudi counterparts capable of translating English scripts into Arabic - necessary that Saudis have mastery in one occupational skill.
July 15, 1976	i. Two-to-six Short-Term Technicians to work with on-the-job training programs. One English-speaking counterpart each.
July 15, 1976	j. One Photographer to advise on script writing, drafting and monitoring contracts for film and video services, and performing still photography for instructional materials.

<u>Estimated Arrival Date</u>	<u>Area of Specialization and Minimal Need for English-speaking Saudi Counterparts</u>
July 15, 1976	k. One Graphics Technician to work with the Subject and Program Writers in the preparation of materials and to illustrate pictorially training situations (cutaways, schematics, cartoons, diagrams).
July 15, 1976	l. One Specialist in school administration and management to help modernize school management and administration for the vocational training and remedial centers. He will work to establish a linkage between programs in the training centers and industry and will establish programs for counseling, testing and follow-up of graduates. One full-time English-speaking Saudi counterpart.
August 15, 1976	m. One Photographer to advise on script writing, drafting and monitoring contracts for film and video services and to perform still photography for instructional materials.
August 15, 1976	n. One Microteaching Specialist to work in the instructor training institute upgrading instructional skills and techniques.
August 15, 1976	o. One Audio-Visual Specialist to serve as a resources person on audio-visual equipment, films, and video-tapes. He will prepare, with Saudi assistance, Arabic sound tracks on U. S. material appropriate for vocational training center classes, and will assist the subject specialists and instructional designers in the preparation of audio-visual material. One English-speaking counterpart.
August 15, 1976	p. Two Subject Specialists (machinist, air conditioning) to develop curriculum, upgrade Saudi instructors and work with instructional design specialists in preparation of scripts for instructional films and video-cassettes. Two English-speaking counterparts.
October 15, 1976	q. Two Program Writers to determine level, pace, sequence, and organization of the instructional material to be used for production of film and video-cassettes. They will perform task analysis and field testing of material consistent with behavioral objectives methodology. Two Saudi counterparts capable of translating English scripts into Arabic - necessary that Saudis have mastery in one occupational skill.

Attachment III

Anticipated Equipment Needs

The USDL will advise the MLSA regarding the equipment needed for project implementation. This advice can consist of assistance in preparing specifications and invitations to bid. USDL may also purchase equipment to the extent provided by budget. Such purchases shall be made in accordance with USG procurement regulations. For the first 12 months of the project, these will include:

1. Individual instructional carrels with teaching aids, i.e., slide projector and tape recording unit. In Riyadh, five experimental shops and the Instructor Training Institute will be equipped with ten of these carrels.
2. Equipment for microteaching clinic, i.e., video recorders, video play-back units and monitors.
3. Equipment to modernize the shops, i.e., mock-ups, demonstrational equipment, models, displays, and modern shop machines where appropriate.
4. Photographic equipment to make slides.

MEXICO

Trade in Cotton, Wool and Man-Made Fiber Textiles

Agreement amending the agreement of May 12, 1975, as amended.

Effectuated by exchange of notes

*Signed at Washington May 24, 1977;
Entered into force May 24, 1977.*

The Secretary of State to the Mexican Ambassador

MAY 24, 1977

EXCELLENCY:

I have the honor to refer to the bilateral agreement of May 12, 1975, as amended,^[1] between our two Governments concerning trade in cotton, wool and man-made fiber textiles (hereafter referred to as the Agreement). I have further the honor to refer to recent discussions held in Washington, D.C. between representatives of our two Governments pursuant to paragraph 8 of the Agreement. As a result of these discussions, I wish to propose that the Agreement be further amended as follows:

1. In the second agreement year:

(a) Categories 42 and 43 are merged. This merged category is subject to a consultation level of 1.7 million square yards equivalent (SYE).

(b) Categories 116 and 117 are merged. This merged category is subject to a consultation level of 200,000 SYE.

(c) The following categories are subject to the consultation levels specified below:

Category 201	5,600,000 SYE
Category 240	6,720,580 SYE

2. In the third agreement year:

(a) The specific limit for category 223 established by the amendment of March 16, 1976, is deleted.

¹ TIAS 8079, 8272; 26 UST 910; 27 UST 1627.

(b) The following categories are subject to the consultation levels specified below:

Category 223	7,000,000 SYE
Category 240	11,500,000 SYE
Category 243	5,000,000 SYE

If the foregoing conforms with the understanding of your Government, this note and your Excellency's note of confirmation on behalf of the Government of Mexico shall constitute an agreement between our two governments which amends the Agreement, effective on the date of your note of acceptance.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

STEPHEN W. BOSWORTH

His Excellency

HUGO B. MARGAIN,

Ambassador of Mexico.

The Mexican Ambassador to the Secretary of State

0342



Washington, D.C.,
24 de mayo de 1977.

Señor Secretario:

Tengo el honor de acusar recibo de su nota de esta fecha, en la que propone ciertas enmiendas al Convenio sobre Comercio de Textiles de Algodón, Lana y Fibras Artificiales entre México y Estados Unidos.

Deseo confirmar, en nombre del Gobierno de México, que lo expresado en su nota, concuerda con los arreglos a que se llegaron en las discusiones que menciona Vuestra Excelencia. Por lo tanto, su nota y esta nota de confirmación, constituirán las enmiendas al Convenio entre nuestros dos Gobiernos sobre esta materia.

Reitero a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

A handwritten signature in black ink, appearing to read "H.B. Margain".

Hugo B. Margain
Embajador

Excelentísimo señor Cyrus R. Vance
Secretario de Estado
Washington, D.C.

TIAS 8674

TRANSLATION

No. 0342

Washington, D.C.

May 24, 1977

Embassy of Mexico**Mr. Secretary:**

I have the honor to acknowledge receipt of your note of this date proposing certain amendments to the Agreement relating to trade in cotton, wool, and man-made fibers between Mexico and the United States.

I wish to confirm, on behalf of the Government of Mexico, that the terms of your note are consistent with the arrangements reached in the discussions mentioned by Your Excellency. Therefore, your note and this note of confirmation shall constitute the amendments to the Agreement between our two Governments on this matter.

I renew to Your Excellency the assurances of my highest and most distinguished consideration.

Hugo B. Margain

Hugo B. Margain

Ambassador

His Excellency

Cyrus R. Vance,
Secretary of State,
Washington, D.C.

PAKISTAN

Trade in Cotton Textiles

Agreement amending the agreement of May 6, 1975.

Effectuated by exchange of notes

Signed at Islamabad April 1 and May 4, 1977;

Entered into force May 4, 1977.

The American Ambassador to the Pakistani Minister of Foreign Affairs

ISLAMABAD, PAKISTAN 1 April 1977

EXCELLENCY:

I have the honor to refer to the bilateral agreement of May 6 1975 [1] on trade in cotton textiles and textile products between the United States and Pakistan (hereinafter referred to as the Agreement). I also refer to discussions between representatives of our two Governments held in Karachi in August, 1976. As a result of these discussions, I wish to propose that paragraph 5 of the Agreement be amended by the addition of the following sentence:

"Further, for the third Agreement period, exports of bar mops (terry towels, 18 to 20 inches in length, 15 to 17 inches in width, valued at less than U.S. 0.45 dollars each F.O.B.) will not be charged against the limit for towels, other than shop towels (parts of Category 31). Exports of bar mops will continue to be charged against the level for Group II and the aggregate level for the third Agreement period."

If the foregoing is acceptable to your Government, I have the honor to propose that this Note and your Note of confirmation on behalf of the Government of Pakistan shall constitute an amendment to the Agreement.

Please accept, Excellency, the renewed assurances of my highest consideration.

HENRY A. BYROADE

Henry A. Byroade
Ambassador

His Excellency AZIZ AHMED
Minister of Foreign Affairs
Ministry of Foreign Affairs
Islamabad, Pakistan

¹ TIAS 8071; 26 UST 869.

*The Pakistani Foreign Secretary to the American Chargé d'Affaires
ad interim*

FOREIGN SECRETARY
PAKISTAN

No: USA-II/II/1(2)/77

ISLAMABAD May 4, 1977.

DEAR MR. CHARGÉ D'AFFAIRES,

I have the honour to refer to Ambassador Byroade's Note of April 1, 1977, addressed to the Minister of Foreign Affairs proposing an amendment to paragraph 5 of the US-Pakistan bilateral agreement of May 6, 1975, on trade in cotton textiles and textile products (hereinafter referred to as the Agreement).

2. I confirm that the U.S. proposal to amend para 5 of the Agreement is acceptable to my government and that Ambassador Byroade's Note and this Note constitute an amendment to the Agreement.

A. SHAHI

(Agha Shahi)

Mr. PETER D. CONSTABLE,
Chargé d'Affaires, a.i.
Embassy of the United States
of America in Pakistan,
Islamabad.

LEBANON

Agricultural Commodities

*Agreement signed at Beirut April 25, 1977;
Entered into force June 21, 1977.*

AGREEMENT BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF LEBANON
FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and
the Government of Lebanon,

Recognizing the desirability of expanding trade in
agricultural commodities between the United States of
America (hereinafter referred to as the exporting
country) and the Republic of Lebanon (hereinafter re-
ferred to as the importing country) and with other
friendly countries in a manner that will not displace
usual marketing of the exporting country in these com-
modities, or unduly disrupt world prices of agricultural
commodities or normal patterns of commercial trade with
friendly countries;

Taking into account the importance to developing
countries of their efforts to help themselves toward
a greater degree of self-reliance, including efforts
to meet their problems of food production and popu-
lation growth;

Recognizing the policy of the exporting country
to use its agricultural productivity to combat hunger
and malnutrition in the developing countries, to encourage
these countries to improve their own agricultural pro-
duction, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understanding that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended [¹] (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

Have agreed as follows:

PART I: GENERAL PROVISIONS.

ARTICLE I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to:

1. The issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country;
and
2. The availability of the specified commodities at the time of exportation.

¹ 68 Stat. 454; 7 U.S.C. § 1701 *et seq.*

C. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the

agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no obligation to reimburse the Government of the exporting country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than the presentation of vessel for loading, the Government of the importing country, or the purchasers authorized by it, shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. The financing, sale, and delivery of commodities under this agreement may be terminated by either Government, if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

ARTICLE II

A. Initial Payment

The Government of the importing country shall pay, or cause to be paid, such initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion of the purchase price

(excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II, and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. Currency Use Payment

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103(b) of the Act (hereinafter referred to as the Currency Use Payment). The Currency Use Payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for Currency Use Payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsection 104(a), (b), (e) and (h) of the Act, as set forth in Part II of this agreement. Such payment shall be credited against: (a) the amount of each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year, plus (b) the combined payments of principal and interest starting with the first installment payment, until the value of the Currency Use Payment has been offset. Unless otherwise specified in Part II, no requests for payment will be made by the Government of the exporting

country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein. Special provisions relating to the sale are also set forth in Part II.

D. Credit Provisions

1. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of the dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs), less any portion of the Initial Payment payable to the Government of the exporting country.

The principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for the commodities delivered in each calendar year shall be paid as follows:

- a. In the case of Dollar Credit, interest shall begin to accrue on the date of

last delivery of these commodities in each calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery, and thereafter payment of interest shall be made annually and not later than the due date of each installment payment of principal.

- b. In the case of Convertible Local Currency Credit, interest shall begin to accrue on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in each calendar year, except that if the installment payments for these commodities are not due on the same anniversary of such date of last delivery, any such interest accrued on the due date of the first installment payment shall be due on the same date as the first installment.

and thereafter such interest shall be paid on the due dates of the subsequent installment payments.

3. For the period of time from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

E. Deposit of Payments

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates provided for in this agreement as follows:

1. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D.C., 20250, unless another method of payment is agreed upon by the two governments.

2. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

F. Sales Proceeds

The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreement, to be applied to the

economic development purposes set forth in Part II of this agreement, shall be not less than the local currency equivalent of the dollar disbursement by the Government of the exporting country in connection with the financing of the commodities (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the Currency Use Payment, if any, made by the Government of the importing country. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the Government of the importing country to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The Government of the importing country shall furnish in accordance with its fiscal year budget reporting procedure, at such times as may be requested by the Government of the exporting country, but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the Government of the importing country, and in case of expenditures, the budget sector in which they were used.

G. Computations

The computation of the initial payment, currency use payment and all payments of principal and

interest under this agreement shall be made in United States dollars.

H. Payments

All payments shall be in United States dollars or, if the Government of the exporting country so elects,

1. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement; or

2. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations or, in the case of Currency Use Payments, used for the purposes set forth in Part II of this agreement in the importing country.

ARTICLE III

A. World Trade

The two Governments shall take maximum precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial

trade with countries the Government of the exporting country considers to be friendly to it (referred to in this agreement as friendly countries). In implementing this provision the Government of the importing country shall:

1. Insure that total imports from the exporting country and other friendly countries into the importing country, paid for with the resources of the importing country, will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered.

The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this agreement.

2. Take steps to assure that the exporting country obtains a fair share of any increase in commercial purchases of agricultural commodities by the importing country.

3. Take all possible measures to prevent the resale, diversion in transit, or transshipment to other countries, or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, diversion in transit, transshipment or use is specifically approved by the Government of the United States of America).

4. Take all possible measures to prevent the export of any commodity of either domestic or foreign origin, which is defined in Part II of this agreement, during the export limitation period specified in the export limitation table in Part II of this agreement (except as may be specified in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. Private Trade

In carrying out the provisions of this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. Self-Help

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form, and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. Reporting

In addition to any other reports agreed upon by the two Governments, the Government of the importing country shall furnish at least quarterly for the supply period specified in Part II, Item I, of this agreement and for any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized:

1. The following information in connection with each shipment of commodities under the agreement: the name of each vessel, the date of arrival, the port of arrival, the commodity and quantity received, and the condition in which received.

2. A statement by it showing the progress made toward fulfilling the usual marketing requirements.

3. A statement of the measures it has taken to implement the provisions of Sections A 2 and 3 of this Article; and

4. Statistical data on imports by country of origin and exports by country of destination of commodities which are the same as or like those imported under the agreement.

E. Procedures for Reconciliation and Adjustment of Accounts

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records on the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. Definitions

For the purposes of this agreement:

1. Delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier.

2. Import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country; and

3. Utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country, or otherwise distributed to the consumer within the country.

G. Applicable Exchange Rate

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country, and which is not less favorable to the Government of the exporting country than the highest exchange rate obtainable by any other nation. With respect to local currency:

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.

2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this Section G.

H. Consultation

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement.

I. Identification and Publicity

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity in the same manner as provided for in subsection 103 (L) of the Act.

PART II: PARTICULAR PROVISIONS.

The Government of the United States of America and the Government of Lebanon have agreed to the sales of agricultural commodities specified below:

Item I: Commodity Table.

COMMODITY	Supply Period (U.S. Fiscal Year)	Approximate Maximum Quantity (Metric Tons)	Maximum Export Market Value (Millions of Dollars)
Wheat/ Wheat Flour	1977	50,000	5.5
Rice	1977	5,000	1.7
		TOTAL	7.2

Item II: Payment Terms, Dollar Credit.

- A. Initial payment - 5 percent.
- B. Currency use payment - 10 percent for Section 104 (A) purposes.
- C. Number of installment payments - 19.

- D. Amount of each installment payment - approximately equal annual amounts.
- E. Due date of first installment - two years after date of last delivery of commodities in each calendar year.
- F. Initial interest rate - 2 percent.
- G. Continuing interest rate - 3 percent.

Item III: Usual Marketing Table.

<u>COMMODITY</u>	<u>Import Period (U.S. Fiscal Year)</u>	<u>Usual Marketing Requirements (Metric Tons)</u>
Wheat/ Wheat Flour (on a grain equivalent basis)	1977	None
Rice	1977	None

Item IV: Export Limitations.

A. The export limitation period shall begin on the date when the agreement is signed and continue through U.S. fiscal year 1977 or any subsequent U.S. fiscal year during which commodities financed under this agreement are being imported or utilized.

B. For the purposes of Part I, Article III A (4) of the agreement, the commodities which may not be exported are for wheat/wheat flour--wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same product under a different name); for rice--rice in the form of paddy, brown or milled.

Item V: Self-Help Measures.

A. In implementing these self-help measures, specific emphasis will be placed on contributing directly to development progress, including rehabilitation/reconstruction in poor rural areas, and on enabling the poor

to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Lebanon agrees to:

1. Give high priority to rehabilitation/reconstruction of the agricultural sector by putting farmland back into production, by restoring rural farm housing, by restoring damaged agricultural research farms, and by repairing and expanding water and irrigation systems.

2. Rebuild and develop grain handling equipment, rebuild silos and other storage and preservation facilities; and to rehabilitate the livestock and poultry sectors.

3. Give emphasis to the agricultural education and training sectors in rural areas, and to reequip them for normal functioning.

Item VI: Economic development, including rehabilitation and reconstruction, purposes for which proceeds accruing to importing country are to be used.

A. The proceeds accruing to the importing country from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in Item V of the agreement and for the following development sector: agriculture.

B. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development, in-

cluding the reconstruction and rehabilitation, of their country.

PART III: FINAL PROVISIONS.

A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, and by the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

This agreement shall enter into force upon the date of receipt by the United States Government of the communication of the approval of the agreement by the competent authorities of the Government of Lebanon.^[1]

B. IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

DONE AT Beirut, in duplicate, this
twenty-fifth day of April,
1977.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

FOR THE GOVERNMENT OF
LEBANON

Richard B. Parker

Richard B. Parker
Ambassador

Salim Al Hoss

President of the
Council of Ministers

¹ June 21, 1977.

INDONESIA

Agricultural Commodities

*Agreement signed at Jakarta May 17, 1977;
Entered into force May 17, 1977.
With agreed minutes.*

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Republic of Indonesia.

Recognizing the desirability of expanding trade in agricultural commodities between the United States of America (hereinafter referred to as the exporting country) and the Republic of Indonesia (hereinafter referred to as the importing country) and with other friendly countries in a manner that will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Taking into account the importance to developing countries of their efforts to help themselves toward a greater degree of self-reliance, including efforts to meet their problems of food production and population growth;

Recognizing the policy of the exporting country to use its agricultural productivity to combat hunger and malnutrition in the developing countries, to encourage these countries to improve their own agricultural production, and to assist them in their economic development;

Recognizing the determination of the importing country to improve its own production, storage, and distribution of agricultural food products, including the reduction of waste in all stages of food handling;

Desiring to set forth the understandings that will govern the sales of agricultural commodities to the importing country pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended [¹] (hereinafter referred to as the Act), and the measures that the two Governments will take individually and collectively in furthering the above-mentioned policies;

Have agreed as follows:

¹ 75 Stat. 424; 22 U.S.C. § 2151 note.

PART I - GENERAL PROVISIONS

ARTICLE I

A. The Government of the exporting country undertakes to finance the sale of agricultural commodities to purchasers authorized by the Government of the importing country in accordance with the terms and conditions set forth in this agreement.

B. The financing of the agricultural commodities listed in Part II of this agreement will be subject to:

1. the issuance by the Government of the exporting country of purchase authorizations and their acceptance by the Government of the importing country; and
2. the availability of the specified commodities at the time of exportation.

C. Application for purchase authorizations will be made within 90 days after the effective date of this agreement, and, with respect to any additional commodities or amounts of commodities provided for in any supplementary agreement, within 90 days after the effective date of such supplementary agreement. Purchase authorizations shall include provisions relating to the sale and delivery of such commodities, and other relevant matters.

D. Except as may be authorized by the Government of the exporting country, all deliveries of commodities sold under this agreement shall be made within the supply periods specified in the commodity table in Part II.

E. The value of the total quantity of each commodity covered by the purchase authorizations for a specified type of financing authorized under this agreement shall not exceed the maximum export market value specified for that commodity and type of financing in Part II. The Government of the exporting country may limit the total value of each commodity to be covered by purchase authorizations for a specified type of financing as price declines or other marketing factors may require, so that the quantities of such commodity sold under a specified type of financing will not substantially exceed the applicable approximate maximum quantity specified in Part II.

F. The Government of the exporting country shall bear the ocean freight differential for commodities the Government of the exporting country requires to be transported in United States flag vessels (approximately 50 percent by weight of the commodities sold under the agreement). The ocean freight differential is deemed to be the amount, as determined by the Government of the exporting country, by which the cost of ocean transportation is higher (than would otherwise be the case) by reason of the requirement that the commodities be transported in United States flag vessels. The Government of the importing country shall have no obligation to reimburse the Government of the exporting country for the ocean freight differential borne by the Government of the exporting country.

G. Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, and in any event not later than presentation of vessel for loading, the Government of the importing country or the purchasers authorized by it shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.

H. The financing, sale, and delivery of commodities under this agreement may be terminated by either Government if that Government determines that because of changed conditions the continuation of such financing, sale, or delivery is unnecessary or undesirable.

ARTICLE II

A. Initial Payment

The Government of the importing country shall pay, or cause to be paid, such initial payment as may be specified in Part II of this agreement. The amount of this payment shall be that portion of the purchase price (excluding any ocean transportation costs that may be included therein) equal to the percentage specified for initial payment in Part II and payment shall be made in United States dollars in accordance with the applicable purchase authorization.

B. Currency Use Payment

The Government of the importing country shall pay, or cause to be paid, upon demand by the Government of the exporting country in amounts as it may determine, but in any event no later than one year after the final disbursement by the Commodity Credit Corporation under this agreement, or the end of the supply period, whichever is later, such payment as may be specified in Part II of this agreement pursuant to Section 103(b) of the Act (hereinafter referred to as the Currency Use Payment). The currency use payment shall be that portion of the amount financed by the exporting country equal to the percentage specified for currency use payment in Part II. Payment shall be made in accordance with paragraph H and for purposes specified in Subsection 104(a), (b), (e) and (h) of the Act, as set forth in Part II of this agreement. Such payment shall be credited against (a) the amount of each year's interest payment due during the period prior to the due date of the first installment payment, starting with the first year, plus (b) the combined payments of principal and interest starting with the first installment payment, until the value of the currency use payment has been offset. Unless otherwise specified in Part II, no requests for payment will be made by the Government of the exporting country prior to the first disbursement by the Commodity Credit Corporation of the exporting country under this agreement.

C. Type of Financing

Sales of the commodities specified in Part II shall be financed in accordance with the type of financing indicated therein. Special provisions relating to the sale are also set forth in Part II.

D. Credit Provisions

1. With respect to commodities delivered in each calendar year under this agreement, the principal of the credit (hereinafter referred to as principal) will consist of the dollar amount disbursed by the Government of the exporting country for the commodities (not including any ocean transportation costs) less any portion of the initial payment payable to the Government of the exporting country.

The principal shall be paid in accordance with the payment schedule in Part II of this agreement. The first installment payment shall be due and payable on the date specified in Part II of this agreement. Subsequent installment payments shall be due and payable at intervals of one year thereafter. Any payment of principal may be made prior to its due date.

2. Interest on the unpaid balance of the principal due the Government of the exporting country for the commodities delivered in each calendar year shall be paid as follows:

- a. In the case of Dollar Credit, interest shall begin to accrue on the date of last delivery of these commodities in each calendar year. Interest shall be paid not later than the due date of each installment payment of principal, except that if the date of the first installment is more than a year after such date of last delivery, the first payment of interest shall be made not later than the anniversary date of such date of last delivery and thereafter payment of interest shall be made annually and not later than the due date of each installment payment of principal.
- b. In the case of Convertible Local Currency Credit, interest shall begin to accrue on the date of dollar disbursement by the Government of the exporting country. Such interest shall be paid annually beginning one year after the date of last delivery of commodities in each calendar year, except that if the installment payments for these commodities are not due on same anniversary of such date-of last delivery, any such interest accrued on the due date of the first instalment payment shall be due on the same date as the first installment and thereafter such interest shall be paid on the due dates of the subsequent installment payments.

3. For the period of time from the date the interest begins to the due date for the first installment payment, the interest shall be computed at the initial interest rate specified in Part II of this agreement. Thereafter, the interest shall be computed at the continuing interest rate specified in Part II of this agreement.

E. Deposit of Payments

The Government of the importing country shall make, or cause to be made, payments to the Government of the exporting country in the currencies, amounts, and at the exchange rates provided for in this agreement as follows:

1. Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington, D. C. 20250, unless another method of payment is agreed upon by the two governments.

2. Payments in the local currency of the importing country (hereinafter referred to as local currency), shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

F. Sales Proceeds

The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreement, to be applied to the economic development purposes set forth in Part II of this agreement, shall be not less than the local currency equivalent of the dollar disbursement by the government of the exporting country in connection with the financing of the commodities (other than the ocean freight differential), provided, however, that the sales proceeds to be so applied shall be reduced by the currency use payment, if any, made by the government of the importing country. The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency in connection with the commercial import of the same commodities. Any such accrued proceeds that are loaned by the government of the importing country to private or non-governmental organizations shall be loaned at rates of interest approximately equivalent to those charged for comparable loans in the importing country. The government of the importing country shall furnish in accordance with its fiscal year budget reporting procedure, at such times as may be requested by the government of the exporting country but not less often than annually, a report of the receipt and expenditure of the proceeds, certified by the appropriate audit authority of the government of the importing country, and in case of expenditures the budget sector in which they were used.

G. Computations

The computation of the initial payment, currency use payment and all payments of principal and interest under this agreement shall be made in United States dollars.

H. Payments

All payments shall be in United States dollars or, if the Government of the exporting country so elects,

1. The payments shall be made in readily convertible currencies of third countries at a mutually agreed rate of exchange and shall be used by the government of the exporting country for payment of its obligations or, in the case of currency use payments, used for the purposes set forth in Part II of this agreement; or
2. The payments shall be made in local currency at the applicable exchange rate specified in Part I, Article III, G of this agreement in effect on the date of payment and shall, at the option of the Government of the exporting country, be converted to United States dollars at the same rate, or used by the Government of the exporting country for payment of its obligations or, in the case of currency use payments, used for the purposes set forth in Part II of this agreement in the importing country.

ARTICLE IIIA. World Trade

The two Governments shall take maximum precautions to assure that sales of agricultural commodities pursuant to this agreement will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with countries the Government of the exporting country considers to be friendly to it (referred to in this agreement as friendly countries). In implementing this provision the Government of the importing country shall:

1. insure that total imports from the exporting country and other friendly countries into the importing country paid for with the resources of the importing country will equal at least the quantities of agricultural commodities as may be specified in the usual marketing table set forth in Part II during each import period specified in the table and during each subsequent comparable period in which commodities financed under this agreement are being delivered. The imports of commodities to satisfy these usual marketing requirements for each import period shall be in addition to purchases financed under this agreement.

2. take steps to assure that the exporting country obtains a fair share of any increase in commercial purchases of agricultural commodities by the importing country.
3. take all possible measures to prevent the resale, diversion in transit, or transshipment to other countries or the use for other than domestic purposes of the agricultural commodities purchased pursuant to this agreement (except where such resale, diversion in transit, transshipment or use is specifically approved by the Government of the United States of America);
4. take all possible measures to prevent the export of any commodity of either domestic or foreign origin, which is defined in Part II of this agreement, during the export limitation period specified in the export limitation table in Part II (except as may be specified in Part II or where such export is otherwise specifically approved by the Government of the United States of America).

B. Private Trade

In carrying out the provisions of this agreement, the two Governments shall seek to assure conditions of commerce permitting private traders to function effectively.

C. Self-Help

Part II describes the program the Government of the importing country is undertaking to improve its production, storage, and distribution of agricultural commodities. The Government of the importing country shall furnish in such form and at such time as may be requested by the Government of the exporting country, a statement of the progress the Government of the importing country is making in carrying out such self-help measures.

D. Reporting

In addition to any other reports agreed upon by the two governments, the Government of the importing country shall furnish at least quarterly for the supply period specified in Part II, Item I of this agreement and any subsequent comparable period during which commodities purchased under this agreement are being imported or utilized.

1. the following information in connection with each shipment of commodities under the agreement: the name of each vessel; the date of arrival; the port of arrival; the commodity and quantity received; and the condition in which received.
2. a statement by it showing the progress made toward fulfilling the usual marketing requirements;

3. a statement of the measures it has taken to implement the provisions of Sections A 2 and 3 of this Article; and

4. statistical data on imports by country of origin and exports by country of destination, of commodities which are the same as or like those imported under the agreement.

E. Procedures for Reconciliation and Adjustment of Accounts

The two Governments shall each establish appropriate procedures to facilitate the reconciliation of their respective records on the amounts financed with respect to the commodities delivered during each calendar year. The Commodity Credit Corporation of the exporting country and the Government of the importing country may make such adjustments in the credit accounts as they mutually decide are appropriate.

F. Definitions

For the purposes of this agreement:

1. delivery shall be deemed to have occurred as of the on-board date shown in the ocean bill of lading which has been signed or initialed on behalf of the carrier,

2. import shall be deemed to have occurred when the commodity has entered the country, and passed through customs, if any, of the importing country; and

3. utilization shall be deemed to have occurred when the commodity is sold to the trade within the importing country without restriction on its use within the country or otherwise distributed to the consumer within the country.

G. Applicable Exchange Rate

For the purposes of this agreement, the applicable exchange rate for determining the amount of any local currency to be paid to the Government of the exporting country shall be a rate in effect on the date of payment by the importing country which is not less favorable to the Government of the exporting country than the highest exchange rate legally obtainable in the importing country and which is not less favorable to the Government of the exporting country than the highest exchange rate obtainable by any other nation. With respect to local currency:

1. As long as a unitary exchange rate system is maintained by the Government of the importing country, the applicable exchange rate will be the rate at which the central monetary authority of the importing country, or its authorized agent, sells foreign exchange for local currency.

2. If a unitary rate system is not maintained, the applicable rate will be the rate (as mutually agreed by the two Governments) that fulfills the requirements of the first sentence of this section G.

H. Consultation

The two Governments shall, upon request of either of them, consult regarding any matter arising under this agreement, including the operation of arrangements carried out pursuant to this agreement.

I. Identification and Publicity

The Government of the importing country shall undertake such measures as may be mutually agreed prior to delivery for the identification of food commodities at points of distribution in the importing country, and for publicity in the same manner as provided for in subsection 103 (1) of the Act:

PART II - PARTICULAR PROVISIONSITEM I. Commodity Table:

<u>Commodity</u>	<u>Supply Period</u> (U.S. CY)	<u>Approx. Max. Quantity</u> (Metric Tons)	<u>Max. Export Market Value</u> (Millions)
Rice	1977	150,000	\$40.1
Wheat/Wheat Flour (Wheat Basis)	1977	60,000	<u>6.6</u>
		Total	\$46.7

ITEM II. Payment Terms:

Convertible Local Currency Credit (CLCC)

- A. Initial Payment - Fifteen (15) percent.
- B. Currency Use Payment - Ten (10) percent for Section 104 (A) purposes.
- C. Number of Installment Payments - Twenty (20).
- D. Amount of Each Installment Payment - Approximately Equal Annual Amounts.
- E. Due Date of First Installment Payment - Six (6) years after date of last delivery of commodities in each calendar year.
- F. Initial Interest Rate - Three (3) percent.
- G. Continuing Interest Rate - Four (4) percent.

ITEM III. Usual Marketing Table:

<u>Commodity</u>	<u>Import Period</u> (U.S. CY)	<u>Usual Marketing Requirement</u>
Rice	1977	200,000 Metric Tons
Wheat/Wheat Flour (Wheat Basis)	1977	445,000 Metric Tons

ITEM IV. Export Limitations:

A. Export Limitation Period:

The export limitation period shall be the United States Calendar Year 1977 or any subsequent U. S. Calendar Year in which commodities financed under this agreement are being imported or utilized.

B. Commodities to Which Export Limitations Apply:

For the purposes of Part I, Article III A (4), of this agreement, the commodities which may not be exported are: For Rice - Rice in the form of paddy, brown or milled and for Wheat/Wheat Flour - Wheat/Wheat Flour, Rolled Wheat, Semolina, Farina and Bulgur (or same products under a different name).

ITEM V. Self-Help Measures:

The Government of the Republic of Indonesia continues to accord high national priority to increasing the production of food. To consolidate the gains of recent years and to assure continued progress, the GOI intends to:

A. Continue efforts to achieve progress in agricultural production through:

- (1) Agricultural Research;
- (2) Production and Distribution of Improved Seeds;
- (3) Expansion of the Supply of Agricultural Credit;
- (4) Strengthening Agricultural Extension; and
- (5) Expanding and Improving Agricultural Education at the Secondary and University Levels.

(Research, extension and credit programs will include attention to improvement of tillage methods, improved irrigation and water use, and improvement of rice threshing methods to reduce damage to quality.)

B. Improve the marketing system including procurement procedures for government stabilization programs and improvement of facilities for handling and storage of grains. Needs relating to rice storage and handling in the Jakarta area, other major cities, and collection centers will receive specific attention.

C. Expand production of secondary crops such as corn, especially in multiple cropping programs.

D. Expand the supply and improve the distribution of fertilizer, insecticides and herbicides.

E. Seek ways to broaden ownership of land by actual tillers, and to improve systems of water rights.

In implementing these self-help measures, the Government of the Republic of Indonesia will place specific emphasis on their contributing directly to development progress in poor rural areas and on enabling the poor to participate actively in increasing agricultural production through small farm agriculture.

ITEM VI. Economic Development Purposes for Which Proceeds Accruing to
the Importing Country Are to be Used:

A. The Proceeds accruing to the importing country from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in the agreement and for other projects and programs contained in the development budget of the Government of Indonesia.

B. In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

PART III - FINAL PROVISIONS

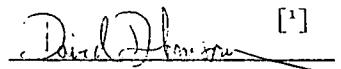
A. This agreement may be terminated by either Government by notice of termination to the other Government for any reason, and by the Government of the exporting country if it should determine that the self-help program described in the agreement is not being adequately developed. Such termination will not reduce any financial obligations the Government of the importing country has incurred as of the date of termination.

This Agreement shall enter into force upon signature.

B. IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present agreement.

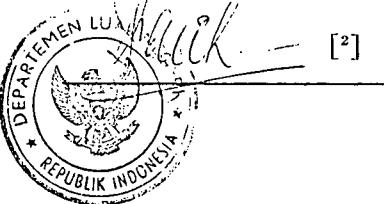
DONE at Jakarta, Indonesia, in duplicate, this 17th day of May, 1977.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

 [1]

[SEAL]

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA



¹David D. Newsom

²B. S. Arifin

AGREED MINUTES

The following minutes of negotiations of the PL-480, Title I Agreement of May 17, 1977, are agreed upon by the representatives of the signatory Governments:

1. The representatives of the Government of Indonesia understand that the Preamble and Parts I and III are standard and applicable to all Title I PL-480 agreements.
2. The attention of the representatives of the Government of Indonesia has been called to the provisions of Part II, specifically to the time period restrictions and quantities of rice and wheat required to be purchased commercially against the Usual Marketing Requirement (UMR) with its own resources.
3. In addition to the delivery limitations and UMR purchases noted in the preceding minute, the representatives of the Government of Indonesia understand that:
 - a. shipments of commodities from the U. S. must be completed by September 30, 1977, since the financing for the agreement will come from the United States FY 1977 budget. It is understood that commodity suppliers and vessel owners may not release commodities or allow loading of vessels until correct letters of credit are opened and that late or improperly opened letters of credit can seriously delay export of commodities. It is understood further that delayed opening of letters of credit could result in commodity suppliers canceling sales and ocean transportation suppliers canceling space;
 - b. all tendering for rice under the agreement must be done by invitations for competitive bids conducted in the United States with public opening of bids and that awards shall be made on the basis of the lowest FAS vessel or FOB vessel bid price for the rice responsive to tender terms. It is understood further that freight tenders must also be conducted in the U. S. with public opening of bids, however, charterer retains right to negotiate;
 - c. purchase authorizations issued under the agreement will contain requirements that invitations for bids for both commodity and freight must be submitted to the Office of General Sales Manager, U. S. Department of Agriculture, Washington, D. C., for review and approval prior to their release to prospective bidders;
 - d. imports from USSR, People's Republic of China, Eastern Europe (except Poland and Yugoslavia), Cuba, Socialist Republic of Vietnam and North Korea, commodities imported under PL-480, or grants received from the United States or other sources cannot be counted toward the UMR.

4. The representatives of the Government of Indonesia understand that in case the unit prices become higher than those projected in valuing the agreement, purchases will be limited to the dollar value specified in the agreement. This is in accordance with Article I, E., Part I of the agreement.

5. The representatives of the Government of Indonesia understand that short term commercial credit (6 to 36 months) is available through the CCC Export Credit Sales Program to Indonesian buyers purchasing wheat and rice, but subject first to the Government of Indonesia request for and approval of a CCC credit line to Indonesia by the United States Department of Agriculture and that this source of financing may be used to satisfy the UMR. It is understood further that other eligible commodities not included under the agreement may be requested also for CCC credit financing.

6. The Government of Indonesia will take effective steps to reduce losses connected with the handling and storage of PL-480 commodities; will enforce strict accountability for the commodities until they are in the hands of the private trade; and, in case of damage or loss attributable to the ocean carrier, will make and vigorously follow up claims for reimbursement for such damage or loss.

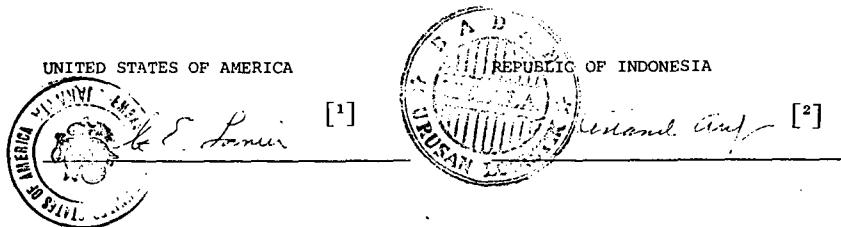
7. The Government of Indonesia understands that if it engages the services of a U. S. person or firm as its agent to handle the procurement of a commodity and/or ocean transportation, such agent must be approved by the United States Department of Agriculture. A copy of the written agreement between the Government of Indonesia and the U. S. agent must be submitted to the United States Department of Agriculture for prior approval to the issuance of the applicable purchase authorization.

8. The representatives of the Government of Indonesia have been informed that recent legislation affecting Section 106 (B) and 109 (A) of PL-480 requires: (1) specific emphasis on implementation of self-help measures so as to contribute directly to development progress in poor rural areas and to enable the poor to participate actively in increasing agricultural production through small farm agriculture and (2) use of proceeds for purposes which directly improve the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country. These new requirements are specifically noted in Item VI., B., PART II of the agreement.

9. The representatives of the Government of Indonesia understand that certain reports are required in connection with the agreement, on the arrival and disposition of commodities, permissible exports, the use of sales proceeds, progress in agricultural self-help and the allocation of rupiahs generated by the agreement. The representatives of the Government of Indonesia will make appropriate arrangements to:

- a. furnish the Embassy of the United States of America a report by the fifteenth of January, April, July and October under provisions contained in Article III, D. of the agreement;
 - b. return completed "shipping and arrival information" (ADP Sheets) with appropriate notations certifying receipt of all commodities as soon as possible, but not later than 30 days from the date of unloading or 30 days from the receipt of the ADP Sheets, whichever is later;
 - c. furnish the Embassy of the United States of America a report of the receipt and expenditures of the proceeds accruing from the sale of commodities financed under the agreement. This is in accordance with Article II, F., Part I of the agreement;
 - d. submit an annual report on progress of agricultural self-help by November 15. The representatives of the Government of Indonesia agree further to hold quarterly self-help meetings with appropriate representatives of the United States Government in an effort to substantially increase the impact of the self-help measures on agricultural production and improve the quality and responsiveness of the annual self-help report. These meetings will be held at approximately three month intervals beginning in June with the time and location to be determined by the representatives of the Government of Indonesia.
10. In compliance with the provisions of Article JJI, I, of the agreement, the Government of Indonesia agrees to give publicity to the provisions of the agreement by issuing suitable press releases at the time of signing and at the time of issuance of each purchase authorization applied for under the agreement.

DONE at Jakarta on this 17th day of May, 1977.



¹ Verle E. Lanier

² Bustanil Arifin

REPUBLIC OF KOREA
Science and Technology Program

*Memorandum of understanding signed at Seoul
May 24, 1977;
Entered into force May 24, 1977.*

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NATIONAL SCIENCE FOUNDATION OF THE UNITED STATES OF AMERICA

AND

THE KOREA SCIENCE AND ENGINEERING FOUNDATION OF THE REPUBLIC OF KOREA

[¹]

1. On November 22, 1976, the United States of America and the Republic of Korea entered into an Agreement for scientific and technological cooperation. The purpose of the programs provided for in that Agreement is to promote cooperation between the two countries in science and technology for peaceful purposes. The principal object of this cooperation is to provide additional opportunities to exchange ideas, information, skills and techniques, and to collaborate on problems of mutual interest and benefit.
2. This Memorandum of Understanding will constitute an interagency agreement between the National Science Foundation (NSF) for the United States of America and the Korea Science and Engineering Foundation (KOSEF) for the Republic of Korea for a program in science and technology under the terms of the Agreement of November 22, 1976.
3. The scope of this program may cover all recognized branches of the natural and engineering sciences, including mathematics. To initiate the program NSF and KOSEF will select specific scientific areas for cooperation. Other areas may be added from time to time upon agreement of the two agencies.
4. The types of activities within the approved subject matter areas will include:
 - 4.1. cooperative research.
 - 4.2 individual exchanges.
 - 4.3 joint seminars and workshops.

Other activities may be added upon agreement of the two agencies.

5. Scientific and technical information derived from cooperative activity under this Memorandum of Understanding shall be made available to the world's scientific community through customary channels and in accordance with normal scientific procedures. Where particular scientific or technical results derived from a cooperative activity under this Memorandum of Understanding may be subject to copyright or patent protection, each party shall hold these rights in its own country and may make appropriate licenses in accordance with its own laws and procedures. Either party may seek

¹ TIAS 8456, 27 UST 4350

rights in third countries upon notification of the other party. The notification shall include an offer to enter into separate written understandings regarding the sharing of third country rights and costs.

6. Each agency shall normally bear the costs of its own participation in the program.

7. Each agency shall designate a program officer who shall be the principal point of contact for the other agency in the conduct of the business of the program.

8. The program officers of the two agencies will meet with each other as often as required, in either the United States or the Republic of Korea, for the purpose of maintaining administrative efficiency and jointly considering current and proposed activities in the program.

9. There will be at least once annually a joint staff meeting alternating between the United States and the Republic of Korea for review of the program, program planning, and for the conduct of program business as necessary. The program officers from each agency as appropriate will be expected to participate in the joint staff meetings.

10. The first joint staff meeting will be held within two months from the date this Memorandum of Understanding enters into force for the purpose of developing a set of understandings on the program with special reference to:

10.1 administrative guidelines for management of cooperative activities.

10.2 specific scientific areas for cooperation.

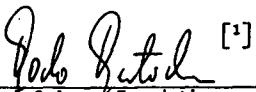
11. In accordance with the standard procedures and regulations governing NSF and KOSEF, each agency shall make known to the scientific community in its country the opportunities for cooperation made possible by the program as soon as the understandings anticipated by paragraph ten have been completed.

12. Each agency will prepare an annual report on the program following its own fiscal year system. The first report to be prepared by NSF will cover the period from the date this Memorandum of Understanding comes into force to September 30, 1978. The first report to be prepared by KOSEF will cover the period from the date this Memorandum of Understanding comes into force to December 31, 1978. Reports shall be completed as early as practicable following the completion of the report period. Each party shall deliver one copy of its report to the other promptly after its availability. Copies of the reports shall be made publicly available in accordance with the laws of the reporting country.

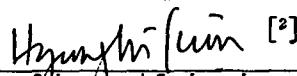
13. This Memorandum of Understanding shall enter into force on the date of signature by the Director of the National Science Foundation and the Director of the Korea Science and Engineering Foundation, or their designees, and remain in force for five years unless renewed by mutual consent.

14. This Memorandum of Understanding shall be documented both in Korean and English, and both copies shall be exchanged.

Done at Seoul, Korea, this 24th day of May, 1977

 [¹]

National Science Foundation

 [²]

Korea Science and Engineering Foundation

^¹ Bodo Bartocha
^² Hyungki Kim

대한민국한국과학재단(KOSEF)과 미합중국국립과학재단(NSF)간의
양해각서

1. 1976년 11월 22일 대한민국과 미합중국은 과학기술협력을 위한 협정을 체결하였다. 동협정에 규정된 제반 사업의 목적은 평화적 목적을 위한 양국간의 과학기술협력을 촉진하는 것이다.

본 협력의 주요목표는 아이디어, 정보, 기술 및 기법을 교환할 기회를 추가로 제공하여 공동관심과 이익이 되는 문제에 관하여 상호협력하는 것이다.

2. 본 양해각서는 1976.11.22에 체결된 협정내용에 의거 과학기술사업을 위하여 대한민국 한국과학재단과 미합중국 국립과학재단간의 기관간 협정이 될 것이다.

3. 본 사업의 범위는 수학을 포함하여 모든 인정된 자연과학과 공학의 계분야를 포함한다. 사업을 착수하기 위하여 KOSEF와 N. S. F는 협력을 위한 특정과학분야를 선정할 것이다. 여타 분야들도 상방의 합의에 의하여 수시로 추가될 수 있다.

4. 승인된 주요사업들의 활동유형은 다음을 포함한다.

4. 1 공동연구

4. 2 과학자 상호 교류

4. 3 공동세미나 및 강습회

여타 활동은 상방의 합의에 의거 추가될 수 있다.

5. 본 양해각서에서 이루어진 협력활동과 얻어진 과학 및 기술정보는 판례적인 경로를 통하여 정상적인 과학적 결차에 따라 세계과학계에 공표될 것이다. 본 양해각서에 의한 협력활동을 통하여 얻어진 특수한 과학적 또는 기술적 결과는 저작권 또는 특허권의 보호를 받을 수 있고 상방은 자국내에서 이 권리의 보유하게 될 것이며 자국의 법을 및 결차에 따라서 적절한 사용권을 허용할 수 있다. 또한 일방은 타방과의 통보하에 제3국에서의 권리의 요구를 수 있다. 통보하는 제3국에서의 권리 및 내용의 분배에 관한 일도의 양해 문서체결을 위한 신청을 포함할 것이다.

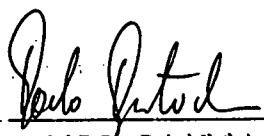
6. 광방은 통상 사업의 자기참여문에 대한 비용을 부담한다.
7. 광방은 사업업무수행에 있어서 타방과 접촉하는 주요인물이 되는 사업담당관을 지명한다.
8. 광방의 사업담당관은 행정능력을 유지하고 사업에 관계되는 현행 및 제안되는 활동을 공동으로 협의하기 위하여 필요에 따라 미국이나 한국에서 회의를 가진다.
9. 1년에 한번 이상 사업 및 사업계획의 검토와 필요시 사업 운영업무수행을 위하여 미국과 한국에서 교대로 공동 위원회를 개최한다.
각 기관의 사업담당관은 공동위원회에 참가할 것이다.
10. 제1차 공동위원회는 특별히 아래 사항에 관하여 사업에 관한 일련의 이례를 중점할 목적으로 본 양해각서가 효력을 발생하는 날로부터 2개월 이내에 개최될 것이다.
- 10.1 협력활동의 관리를 위한 행정상의 지침
- 10.2 협력할 특수한 과학분야
11. KOSEF와 N.S.F에 적용되는 표준적인 절차와 규칙에 따라서 위의 10 항에 예정된 협의가 완료되는 대로 빠른 시일내에 사업상 가능해진 상호협동의 기회를 자국에 있는 과학단체에 알려야 한다.
12. 광방은 자국의 회계년도에 따라서 연간사업보고서를 작성해야 한다. N.S.F가 최초에 작성하는 보고서는 본 양해각서가 효력을 발생하는 날로부터 1978.9.30 까지의 기간을 포함한다.
KOSEF가 최초에 작성하는 보고서는 본각서가 효력을 발생하는 날로부터 1978.12.31 까지의 기간을 포함한다. 동보고서는 보고기간이 완료된 후에 가능한 한 신속히 준비완료되어야 한다. 광방은 보고서가 준비되는 대로 상대방에 신속히 그 보고서의 사본 1부를 송부하여야 한다. 이 보고서는 보고하는 나라의 법률에 따라서 공개하여야 한다.

13. 본 양해각서는 한국과학재단 이사장과 미국 국립과학재단 대표자 또는 그들의 위임자들이 서명하는 날로부터 효력을 발생하고 상호 동의에 의하여 경신이 되지 않는 한 5년간 그 효력을 유지한다.

14. 본 양해각서는 한국어와 영어로 작성하여 양국어본을 상호 교환한다.

1977년 5월 24일

한국
한국과학재단
대한민국


미합중국 국립과학재단

EGYPT
Industrial and Agricultural Production

*Agreement signed at Cairo September 30, 1976;
Entered into force September 30, 1976.*

A.I.D. LOAN NO. 263-K-036

LOAN AGREEMENT

Between

United States of America
and the
Arab Republic of Egypt

Date: September 30, 1976

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LOAN AGREEMENT dated the 30th day of September 1976 between
the UNITED STATES OF AMERICA, acting through the AGENCY
FOR INTERNATIONAL DEVELOPMENT ("A.I.D.") and the
ARAB REPUBLIC OF EGYPT (the "Borrower").

ARTICLE I

The Loan

SECTION 1.01. The Loan. A.I.D. agrees to lend to the Borrower pursuant to the Foreign Assistance Act of 1961, as amended, [¹] an amount not to exceed Sixty Five Million United States dollars (\$65,000,000) (the "Loan") for the foreign exchange costs of commodities and commodity-related services, as such services are defined by A.I.D. Regulation 1, needed to assist the Borrower to increase its industrial and agricultural production. Commodities and commodity-related services authorized to be financed hereunder are hereinafter referred to as "Eligible Items," as hereinafter more fully described in Section 4.04. The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal."

¹ 75 Stat. 424; 22 U.S.C. § 2151 note.

ARTICLE IILoan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 5.03) and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (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 payments of interest and Principal hereunder shall be made in United States dollars and shall be applied 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, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

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

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

ARTICLE IIIConditions Precedent to DisbursementSECTION 3.01. Conditions Precedent to Initial Disbursement.

Prior to any disbursement or to the issuance of any Letter of Commitment or other authorization of disbursement 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 or opinions of the Minister of Justice of the Arab Republic of Egypt that this Agreement has been duly authorized and/or ratified by and executed on behalf of the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms.

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

SECTION 3.02. Terminal Date for Meeting Conditions Precedent to Disbursement. If all the conditions specified in Section 3.01 shall not have been met within one hundred twenty (120) days after the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. In the event of a termination hereunder, upon the giving of notice the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and upon receipt of such payments in full, this Agreement and all obligations of the parties heraunder shall terminate.

SECTION 3.03. Notification of Meeting Conditions Precedent

to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01 have been met.

ARTICLE VIProcurement, Utilization, and Eligibility of Commodities

SECTION 4.01. A.I.D. Regulation 1. Except as A.I.D. may otherwise specify in writing, this Loan and the procurement and utilization of Eligible Items financed under it are subject to the terms and conditions of A.I.D. Regulation 1 as from time to time amended and in effect, which is incorporated and made a part hereof. If any provision of A.I.D. Regulation 1 is inconsistent with a provision of this Agreement, the provision of this Agreement shall govern.

SECTION 4.02. Source of Procurement. Except as A.I.D. may specify in Implementation Letters or Commodity Procurement Instructions, or as it may otherwise agree in writing, all Eligible Items shall have their source and origin in the United States of America.

SECTION 4.03. Date of Procurement. Except as A.I.D. may otherwise agree in writing, only those commodities licensed by the Borrower on or after the date that the first Letter of Commitment under this loan becomes operative, and services related to such commodities, shall be eligible for financing under this Loan.

SECTION 4.04. Eligible Items.

(a) The commodities eligible for financing under this Loan shall be those specified in the A.I.D. Commodity Eligibility Listing as set forth in the Implementation Letters and Commodity Procurement Instructions issued to Borrower. Commodity-related services as defined in A.I.D. Regulation 1 are eligible for financing

under this Loan. Other items shall become eligible for financing only with the written agreement of A.I.D. A.I.D. may decline to finance any specific commodity or commodity-related service when in its judgment such financing would be inconsistent with the purposes of the Loan or of the Foreign Assistance Act of 1961, as amended.

(b) A.I.D. reserves the right in exceptional situations to delete commodity categories or items within commodity categories described by Schedule B codes on the Commodity Eligibility Listing. Such right will be exercised at a point in time no later than commodity prevalidation by A.I.D. (Form 11 approval) or, if no commodity pre-validation is required, no later than the date on which an irrevocable Letter of Credit is confirmed by a U.S. bank in favor of the supplier.

(c) If no prevalidation is required and payment is not by Letter of Credit, A.I.D. will exercise this right no later than the date on which it expends funds made available to the Borrower under this Agreement for the financing of the commodity. In any event, however, the Borrower will be notified through the A.I.D. Mission in its country of any decision by A.I.D. to exercise its right pursuant to a determination that financing the commodity would adversely affect A.I.D. or foreign-policy objectives of the United States or could jeopardize the safety or health of people in the importing country.

SECTION 4.05. Procurement for Public Sector. With respect to procurement hereunder by or for the Borrower, its departments and instrumentalities except public sector manufacturing undertakings:

(a) The provision of Section 201.22 of A.I.D.

Regulation 1 regarding competitive bid procedures shall apply unless A.I.D. otherwise agrees in writing; and

(b) Borrower will undertake to assure that public sector end-users under this Loan establish adequate logistic management facilities and that adequate funds are available to pay banking charges, customs, duties and other commodity-related charges in connection with commodities imported by public sector end-users.

SECTION 4.06. Financing Physical Facilities. Except as A.I.D. may otherwise agree in writing, not more than \$1,000,000 from the proceeds of this Loan shall be used for the purchase of commodities or commodity-related services for use in the construction, expansion, equipping, or alteration of any one physical facility or related physical facilities without prior A.I.D. approval, additional to the approvals required by A.I.D. Regulation 1. "Related physical facilities" shall mean those facilities which, taking into account such factors as functional interdependence, geographic proximity and ownership, constitute a single enterprise in the judgment of A.I.D.

SECTION 4.07. Utilization of Commodities.

(a) Borrower shall insure that commodities financed under this Agreement shall be effectively used for the purpose for which the assistance is made available. Such effective use shall include:

(i) The maintenance of accurate arrival and clearance records by customs authorities and the prompt processing of commodity imports through customs at ports of entry and removal from customs and/or customs-bonded warehouses of such commodities, the total time for which (from date commodities arrive at port of entry to date

importer removes them from customs) shall not exceed ninety (90) calendar days unless the importer is hindered by force majeure or A.I.D. otherwise agrees in writing;

(ii) The consumption or use not later than one (1) year from the date the commodities arrive at the port of entry unless a longer period can be justified to the satisfaction of A.I.D. by reasons of force majeure or special market or other circumstances; and

(iii) The proper surveillance and supervision by Borrower to reduce breakage and pilferage in ports resulting from careless or deliberately improper cargo handling practices, as specified in detail in Implementation Letters.

(b) Borrower shall use its best efforts to prevent the use of commodities financed under this Agreement to promote or assist any 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 projected use except with the prior written consent of A.I.D.

SECTION 4.08. Motor Vehicles. Except as A.I.D. may otherwise agree in writing, none of the proceeds of this Loan may be used to finance the purchase, sale, long-term lease, exchange or guaranty of a sale of motor vehicles unless such motor vehicles are manufactured in the United States.

SECTION 4.09. Minimum Size of Transactions. Except where authorized by A.I.D. in writing, no foreign exchange allocation or Letter of Credit issued pursuant to this Agreement shall be in an amount less than ten thousand Dollars (\$10,000). The minimum size of transaction restriction is not applicable for end-use importers.

SECTION 4.10. Procedures. A.I.D. will issue binding Implementation Letters and Commodity Procurement Instructions which will prescribe the procedures applicable in connection with the implementation of this Agreement.

ARTICLE VDisbursementsSECTION 5.01. 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 the Borrower or any designee of the Borrower, through the use of Letters of Credit or otherwise, for costs of Eligible Items procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

SECTION 5.02. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means and by such other procedures, as the Borrower and A.I.D. may agree to in writing.

SECTION 5.03. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to Section 5.01, 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.

SECTION 5.04. Terminal Date for Requests for Letters of Commitment. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment shall be issued in response to a request received after September 30, 1977.

SECTION 5.05. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no disbursement of loan funds shall be made against documentation submitted after September 30, 1978.

SECTION 5.06. Documentation Requirements. A.I.D. Regulation 1 specifies in detail the documents required to substantiate disbursements under this Agreement by Letter of Commitment or other method of financing. The document number shown on the Letter of Commitment or other disbursing authorization document shall be the number reflected on all disbursement documents submitted to A.I.D. In addition to the above, Borrower shall maintain records adequate to establish that commodities financed hereunder have been utilized in accordance with Section 4.07 of this Agreement. Additional documents may also be required by A.I.D. with respect to specific commodities, as may be set forth in detail in Implementation Letters.

SECTION 5.07. Records. Borrower shall maintain or cause to be maintained in accordance with sound accounting principles and practices consistently applied such books and records relating to this Agreement as may be prescribed in Implementation Letters.

Such books and records shall be made available to A.I.D. for such periods and at such times as A.I.D. may require, and shall be maintained for five years after the date of last disbursement by A.I.D. under this Agreement.

General Covenants and Warranties

SECTION 6.01. Reports. Borrower shall furnish to A.I.D. such information and reports relating to the goods and services financed by this Loan and the performance of Borrower's obligations under this Agreement as A.I.D. may request.

SECTION 6.02. Disclosure of Material Facts and Circumstances. The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Loan and the discharge of its obligation under this Agreement. The 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, this Loan, or the discharge of the Borrower's obligations under this Agreement.

SECTION 6.03. Taxation. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within the country of the Borrower.

SECTION 6.04. Commissions, Fees and Other Payments.

(a) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

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

ARTICLE VIICancellation and Suspension

SECTION 7.01. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 7.02. Events of Default: Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Program with due diligence and efficiency;
- (c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D., or any of its predecessor agencies, then A.I.D. may at its option, give to the Borrower notice that all or any part of the unpaid 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 unpaid 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 7.03. Suspension of Disbursements, Transfer of Goods to A.I.D. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs which A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligation under this Agreement;
- (c) Any disbursement would be in violation of the legislation governing A.I.D.; or
- (d) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies; then A.I.D., in addition to remedies provided in A.I.D. Regulation 1, at its option, may (i) decline to issue further Letters of Commitment or other disbursing authorization, (ii) suspend or cancel outstanding Letters of Commitment or other disbursing authorizations to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit, or (iii) to the extent

that A.I.D. has not made direct reimbursement to Borrower thereunder, giving notice to Borrower promptly thereafter, decline to make disbursements other than under Letters of Commitment; and (iv) at A.I.D.'s expense, direct that title to goods financed hereunder shall be transferred to A.I.D., if the goods are in a deliverable state and have not been offloaded in ports of entry of the Arab Republic of Egypt.

SECTION 7.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 7.03, 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 7.05. 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 (as to any funds disbursed under this Loan) until the repayment in full of all Principal and any accrued interest hereunder.

SECTION 7.06. Refunds. In addition to any refund otherwise required by A.I.D. pursuant to A.I.D. Regulation 1, 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 or is in violation of the laws governing A.I.D., A.I.D. 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. Refunds paid by Borrower to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement, reducing the amount available for future disbursement, and shall not be available for reuse under the Agreement.

SECTION 7.07. 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 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.08. 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 VIIIMiscellaneous

SECTION 8.01. Communications. Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable, or radiogram at the following addresses.

TO BORROWER:

Mail Address: Ministry of Economy and Economic
Cooperation
8 Adly Street
Cairo, Egypt

Cable Address: 8 Adly Street
Cairo, Egypt

TO A.I.D.:

Mail Address: United States Agency for
International Development
c/o U.S. Embassy
Cairo, Egypt

Cable Address: U.S. Embassy, Cairo

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 8.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Minister of Economy and Economic Cooperation, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID, Cairo, Egypt. 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 or revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. 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 8.04. 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 8.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

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

ARAB REPUBLIC OF EGYPT

BY: M. Z. Shafiq

NAME: Dr. Mohamed Zaki Shafei

TITLE: Minister of Economy and
Economic Cooperation

UNITED STATES OF AMERICA

BY: H. Freeman Matthews Jr.

NAME: H. Freeman Matthews, Jr.

TITLE: Charge d'Affaires a.i.

MULTILATERAL
North American Plant Protection Agreement

*Signed at Yosemite October 13, 1976;
Entered into force October 13, 1976.*

NORTH AMERICAN PLANT PROTECTION AGREEMENT

Having as a common purpose the strengthening of intergovernmental cooperation in plant quarantine and plant protection in North America in order to prevent the introduction and spread of plant pests and noxious weeds and to foster the preservation of plant resources of North America;

The parties to this Agreement agree as follows:

1. For the purpose of this Agreement, unless the context otherwise requires:

- A. "Plant Pest" means any living stage of; any insects, mites, nematodes, slugs, snails, protozoa, or other invertebrate animals bacteria, fungi, other parasitic plants or reproductive parts thereof, viruses, or any organisms similar to or allied with any of the foregoing, or any infectious substances, which can directly or indirectly injure or cause disease or damage in any plants or parts thereof, or any processed, manufactured, or other products of plants.
- B. "Living Stage" includes the egg, pupal and larval stages as well as any other living stage.
- C. "Noxious Weed" means any living stage, including but not limited to, seeds and reproductive parts, of any parasitic or other plant of a kind, or subdivision of a kind, which is of foreign origin, is new to or not widely prevalent in the United States, Canada or Mexico, and can directly or indirectly injure crops, other useful plants, livestock, or poultry or other interests of agriculture, including irrigation, or navigation or the fish and wildlife resources of the United States, Canada or Mexico or the public health.

2. The parties to this Agreement shall cooperate in preventing the introduction and spread of plant pests in North America by:

- A. Keeping under constant review new records and outbreaks of plant pests;
- B. Monitoring the movement and spread of established plants pests of concern to the parties of this Agreement;
- C. Reviewing progress in detection, eradication and control of plant pests of crops of major importance in North America;
- D. Reviewing plant quarantine measures adopted by participating governments and proposing revisions to existing plant quarantine measures and establishment of new measures moving toward uniform plant quarantine regulations;
- E. Examining and studying problems in plant quarantine and closely related fields;
- F. Keeping parties informed of plant quarantine and protection matters of mutual concern;
- G. Promoting arrangements for the training of technical personnel in the fields of plant quarantine and plant protection;
- H. Exchanging research and development information relating to plant pests and their control;
- I. Adopting compatible phytosanitary certificates patterned after the model certificate as proposed by the International Plant Protection Convention;

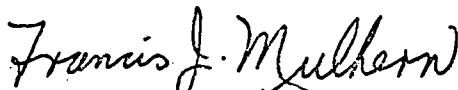
- J. Jointly participating in programs of research and methods development relating to plant protection and quarantine; and
 - K. Taking such other actions as are mutually agreed upon.
3. To facilitate consultation regarding the cooperation contemplated in this Agreement representatives of the agencies specified in paragraph 3 of this Agreement will meet annually at a North American Plant Protection Agreement (NAPPA) Workshop. The purpose of such Workshops is to permit exchange of information relating to the implementation of this Agreement and to provide a forum for the discussion of particular problems which may arise in this field.
4. The agencies with principal responsibility in the implementation of this Agreement designated by the parties to this Agreement respectively shall be:
- A. for the United States - the United States Department of Agriculture, Animal and Plant Health Inspection Service.
 - B. for Canada - the Canada Department of Agriculture, Plant Quarantine Division; and
 - C. for Mexico - Secretaria de Agricultura y Ganaderia de Mexico, Direccion General de Sanidad Vegetal;
5. This Agreement may be amended at any time by agreement of the parties.

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6. This Agreement shall enter into force upon date of signature and shall continue in force indefinitely but may be discontinued at the request of any of the parties. Request for termination shall be submitted in writing to the other parties at least thirty (30) days prior to the desired effective date of termination.

DONE in triplicate in the English and Spanish languages, each being equally authentic, at Yosemite California this
thirteenth day of October, 1976.

FOR THE UNITED STATES OF AMERICA:



DR. FRANCIS J. MULHERN, Administrator
Animal and Plant Health Inspection Service
United States Department of Agriculture

FOR CANADA:



DR. DONALD S. MACLACHLAN, Director
Plant Quarantine Division, Production and Marketing Branch
Agriculture Canada

FOR MEXICO:



ING. BENJAMIN ORTEGA CANTERO, Director General
Direccion General de Sanidad Vegetal
Secretaria de Agricultura y Ganaderia

ACUERDO DE LOS PAISES DE AMERICA DEL NORTE
PARA LA PROTECCION DE LAS PLANTAS.

Teniendo como propósito común, vigorizar la cooperación intergubernamental en cuarentenas y protección de las plantas en América del Norte, a fin de evitar la introducción y propagación de plagas y hierbas nocivas y fomentar la preservación de los recursos de plantas de América del Norte;

Las partes interesadas acuerdan lo siguiente:

1. Para el propósito de este Acuerdo, a reserva que el contexto de otra manera lo requiera:

- A. "Plaga de las Plantas" significa cualquier estadio vivo de: cualquier insecto, ácaros, nemátodos, babosas, caracoles, protozoarios, u otros animales invertebrados bacterias, hongos, otras plantas parásitarias o partes reproducibles de las mismas, virus o cualesquier organismos similares a o aliados a cualquiera de los anteriores, o cualquier substancia infecciosa, la cual pueda, directa o indirectamente, dañar o causar enfermedad o daño a cualquier planta o partes de la misma, o cualquier producto procesado, manufaturado y otros productos de las plantas.
- B. "Estadio Vivo" incluye el huevecillo, estadios de pupa y larva, así como cualquier otro estadio vivo.
- C. "Hierbas Nocivas" significa cualquier estadio viviente, incluido pero no limitado a, semillas y partes reproducibles de cualquier planta parásitaria u otra planta de la misma especie o subdivisión de la misma especie, la cual sea de origen extranjero, sea nueva o aún no ampliamente generalizada en los Estados Unidos, Canadá o México y pueda directa o indirectamente dañar las cosechas, otras plantas bene-

ficiosas, el ganado, aves de corral y otros intereses de la agricultura, incluyendo irrigación y navegación, los recursos de peces y fauna silvestre de los Estados Unidos, Canadá o México y la salud pública.

2. Las partes interesadas en este Acuerdo cooperarán en prevenir la introducción y propagación de plagas de las plantas en América del Norte:

- A. Manteniendo bajo constante vigilancia, nuevos registros y brotes de plagas de las plantas;
- B. Verificando el movimiento y propagación de plagas de las plantas ya establecidas que con- ciernen a las partes interesadas en este Acuerdo;
- C. Revisando el progreso de detección, erradicación y control de plagas de las plantas de cultivos de mayor importancia en América del Norte;
- D. Revisando las medidas cuarentenarias de plantas, adoptadas por los gobiernos participantes y proponiendo revisiones a las medidas existentes de cuarentenas de las plantas y estableciendo nuevas medidas, encaminadas hacia reglamentos uniformes de cuarentena de las plantas.
- E. Examinando y estudiando los problemas de cuarentenas de plantas y el ramo estrechamente relacio-nado;

- F. Manteniendo a las partes interesadas informadas sobre cuarentenas de plantas y asuntos de protección de interés mutuo;
 - G. Promoviendo arreglos para entrenamiento o personal técnico en las ramas de cuarentena y protección de las plantas;
 - H. Intercambiando información de investigación y desarrollo relacionada con las plagas de las plantas y su control;
 - I. Adoptando certificados fitosanitarios compatibles de acuerdo con el modelo propuesto por la Convención Internacional de Protección de las Plantas;
 - J. Participando conjuntamente en los programas de investigación y desarrollo de métodos relacionados con la protección y cuarentenas de las plantas; y
 - K. Tomando otras medidas que sean acordadas mutuamente.
3. Para facilitar la consulta respecto a la cooperación propuesta en este Acuerdo, los representantes de las agencias especificadas en el párrafo 3, de este Acuerdo, se reunirán anualmente en una Sesión de Trabajo sobre el Acuerdo de Protección de las Plantas de América del Norte (NAPPA). El objeto de dichas sesiones de trabajo es permitir el intercambio de información relacionado con el cumplimiento de este Acuerdo y proporcionar los medios para la

discusión de problemas particulares que puedan surgir en este campo.

4. Las agencias con responsabilidad principal en el cumplimiento de este Acuerdo, designadas por las partes interesadas en este Acuerdo, respectivamente serán:

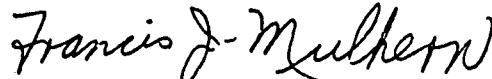
- A. por los Estados Unidos - United States Department of Agriculture, Animal and Plant Health Inspection Service.
- B. por Canadá - Canada Department of Agriculture, Plant Quarantine Division; y
- C. por México - Secretaría de Agricultura y Ganadería de México, Dirección General de Sanidad Vegetal.

5. Este Acuerdo puede ser modificado en cualquier ocasión por acuerdo de las partes interesadas.

6. Este Acuerdo entrará en vigor en la fecha en que se firme y continuará vigente indefinidamente, pero se puede rescindir a solicitud de alguna de las partes interesadas. La solicitud de terminación deberá ser presentada por escrito a las otras partes interesadas por lo menos treinta días antes de la fecha efectiva deseada para su terminación.

HECHO en triplicado en los idiomas Inglés y Español,
siendo cada uno de igual autenticidad, en Yosemite
California el día trece
de Octubre de 1976.

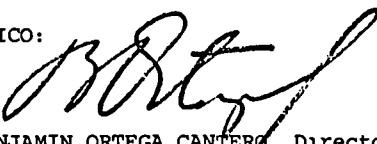
POR LOS ESTADOS UNIDOS DE AMERICA.


DR. FRANCIS J. MULHERN, Administrator,
Animal and Plant Health Inspection Service
United States Department of Agriculture.

POR CANADA


DR. DONALD S. MACLACHLAN, Director,
Plant Quarantine Division, Production and Marketing Branch
Agriculture Canada.

POR MEXICO:


ING. BENJAMIN ORTEGA CANTERO, Director General,
Dirección General de Sanidad Vegetal,
Secretaría de Agricultura y Ganadería.

PERU

Agricultural Cooperative Federations Development

*Agreement signed at Lima September 29, 1976;
Entered into force September 29, 1976.*

A.I.D. No. 527-T-058

LOAN AGREEMENT

between

THE REPUBLIC OF PERU

and

THE UNITED STATES OF AMERICA

for

AGRICULTURAL COOPERATIVE FEDERATIONS
DEVELOPMENT

DATE: SEP 29 1976

LOAN AGREEMENT dated the twenty ninth day of September 1976,
between THE REPUBLIC OF PERU ("Borrower"), and the UNITED STATES OF
AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT
("A.I.D.").

ARTICLE I

SECTION 1.01 - The Loan.- A.I.D. agrees to lend to the Borrower pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended,^[1] an amount not to exceed seven million United States dollars (\$7,000,000) ("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 United States dollar costs ("Dollar Costs") and a portion of the local currency 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 consists of the implementation of a program of technical and financial assistance to a group of not more than 20 selected Federations of Agricultural Cooperatives ("Centrals"). Of the seven million U.S. dollars (US \$7,000,000) provided by the Loan, up to one hundred thousand U.S. dollars (US \$100,000) will be used for technical assistance in Project planning, implementation, and evaluation, and up to one million U.S. dollars (US \$1,000,000) will be used for the preparation of Development Plans for the selected Centrals.

¹ 87 Stat. 715; 22 U.S.C. § 2151a.

In addition, a Central Development Fund ("Fund") will be established with the balance of five million nine hundred thousand U.S. dollars (US \$5,900,000) of Loan funds from which credits will be extended to finance working capital needs, investments in fixed assets for the provision of services, and investments in fixed assets for agro-industrial projects. The Borrower will contribute to the Fund the equivalent of seven million U.S. dollars (US \$7,000,000) which will be used to provide short-term credit for lending to the Centrals as well as to their member organizations.

The Project is described in more detail in the Annex attached hereto, which Annex may be modified in writing by mutual agreement of the parties.

SECTION 1.03 - Implementing Agency.- The Borrower hereby designates the Agrarian Bank of Peru ("Bank") as Implementing Agency for the purpose of carrying out the Project described in Section 1.02. The Bank, as Implementing Agency, will enter into an agreement or agreements with the Ministry of Agriculture, acting through the Division of Support to Campesino Enterprises, as may be necessary for the utilization of the Loan funds allocated for technical assistance and the preparation of Central Development Plans.

SECTION 1.04 - Use of Funds Generated by Other United States Assistance.- The Borrower shall use for the Project, in lieu of any United States dollars that would otherwise be disbursed under the Loan

to finance the Local Currency Costs of the Project, Peruvian soles that may become available to the Borrower after the date of this Agreement in connection with assistance (other than the Loan) provided by the United States of America to the Borrower to the extent and for the purposes that A.I.D. and the Borrower may agree to in writing. Any such funds used for the Project shall reduce the amount of the Loan (to the extent that it shall not then have been disbursed) by an equivalent amount of United States dollars computed, as of the date of the agreement between A.I.D. and the Borrower as to the use of such funds, at the rate of exchange between United States dollars and Peruvian soles which yields the greatest number of soles and which is not unlawful in Peru.

ARTICLE IILoan Terms

SECTION 2.01 - Interest.- The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04) and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02 - Repayment.- The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (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 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 Agency for International Development, Cashier, SER/CONT, Washington, D.C. 20523, and shall be deemed made when received by the Office of the Cashier.

SECTION 2.04 - Prepayment.- Upon payment of all interest, Principal, 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. an acceleration of the repayment of the Loan at any time or times as A.I.D. or the Borrower may request. The parties hereto shall mutually determine whether such an acceleration shall take place on the basis of the following criteria:

(i) The capacity of Borrower to service a more rapid liquidation of its obligations in the light of the internal and external financial position of Peru, taking into account debts owing to any agency of the United States of America, or to any international organization of which the United States of America is a member; and

(ii) The relative capital requirements of Borrower and of the other signatories of the Act of Bogota^[1] and the Charter of Punta del Este.^[2]

¹ Department of State Bulletin, Oct. 3, 1960, p. 537.

² Department of State Bulletin, Sept. 11, 1961, p. 462.

ARTICLE IIIConditions Precedent to DisbursementSECTION 3.01 - Conditions Precedent to Initial Disbursement of Loan

Funds. - Prior to any disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion or opinions of the Director General of the General Department of Legal Counsel of the Ministry of Economy and Finance, or of other counsel satisfactory to A.I.D. that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Borrower, and constitutes a valid and binding obligation of Borrower, in accordance with its terms;

(b) Evidence of the authority of the person or persons who will act as representative or representatives of Borrower pursuant to Section 9.02, together with a specimen signature of each such person duly certified as to its authenticity;

(c) Evidence of the opening of a special account for the establishment of the Fund within the Agrarian Bank;

(d) Evidence of the availability of sufficient and timely Borrower contributions to the Project.

(e) A time-phased Project Implementation Plan which shall include inter-alia, a description of the functions of the various governmental agencies participating in the Project and provisions for adequate staffing of such agencies.

SECTION 3.02 - Condition Precedent to Disbursement of Funds for Any Purpose Other than for Technical Assistance.- Prior to any disbursement or the issuance of any commitment documents under the Loan for any purpose other than to finance up to \$100,000 of technical assistance, the Borrower's Implementing Agency shall submit to A.I.D. in form and substance satisfactory to A.I.D. terms of reference for the preparation of Central Development Plans to be financed under the Project.

SECTION 3.03 - Conditions Precedent to Disbursement for Individual Centrals.- Prior to any disbursement or the issuance of any commitment documents under the Loan for any individual Central for any purpose other than to finance the formulation of a comprehensive development plan for that Central, ("Development Plan"), the Borrower shall submit to A.I.D. such Development Plan which shall conform to the terms of reference submitted pursuant to Section 3.02.

SECTION 3.04 - Terminal Dates for Meeting Conditions Precedent to Disbursement.- (a) If all of the conditions specified in Section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D. at its option, may terminate this Agreement by giving written notice to

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the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate. (b) If all of the conditions specified in Section 3.02 shall not have been met within one hundred fifty (150) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan in whole or in part or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest, and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

SECTION 3.05 - Notification of Meeting of Conditions Precedent to Disbursement.- A.I.D. shall notify the Borrower when the conditions precedent to disbursement specified in Sections 3.01, and as the case may be, 3.02 and 3.03 of this Loan Agreement have been met.

ARTICLE IVGeneral Covenants and Warranties

SECTION 4.01 - Execution of the Project.- The Borrower shall cause the Project to be carried out with due diligence and efficiency, and in conformity with sound financial and administrative practices, and also in accordance with all of the plans, specifications, contracts, schedules, and other arrangements, including all modifications therein, approved by A.I.D. pursuant to this Agreement.

SECTION 4.02 - Funds and Other Resources to be Provided by the Borrower.- The Borrower shall provide or cause to be provided promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project including but not limited to the contribution stated in Section 5.01(a).

SECTION 4.03 - Continuing Consultation.- The 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 Project, the performance by the parties to this agreement of their obligations under this Agreement, the performance of the consultants, contractors and suppliers engaged in the Project, 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 organization, development, maintenance, operation and evaluation 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 Peru. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the Republic of Peru, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided by A.I.D. under the Loan.

SECTION 4.06 - Utilization of Goods and Services.-

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

SECTION 4.08 - Commissions, Fees and Other Payments.

(a) The Borrower warrants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, or will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full time

officers and employees or as compensation for bona fide professional, technical or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical or comparable services to which 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), and if the amount of any such payment is deemed unreasonable, the same shall be adjusted in a satisfactory manner.

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

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, both fiscal and qualitative, 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 five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.10 - Reports.- The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may request.

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, facilities and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and any visits by representatives of A.I.D. for any purpose relating to the Project.

ARTICLE VSpecial Covenants and Warranties

SECTION 5.01 - Special Covenants and Warranties.- The Borrower covenants:

- (a) That it will provide as its contribution to the Project the equivalent of at least \$7,000,000;
- (b) That it will provide, or cause to be provided, sufficient and timely technical assistance support and extension services as the Project shall require;
- (c) That there will be held annually a joint Project evaluation with the participation of A.I.D. and the Implementing Agency;
- (d) That no substantive changes will be made in the plans, regulations, or other evidence submitted in response to Article III of this Agreement without the written consent of A.I.D.

ARTICLE VIProcurement

SECTION 6.01 - Procurement from A.I.D. Code 941 Countries.- Except as A.I.D. may otherwise agree in writing, and except as provided in Section 6.07(c) hereof 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 both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time the orders are placed or contracts are entered into for such goods and services ("Code 941 Goods and Services"). Notwithstanding any other provisions herein, motor vehicles to be procured with Loan funds 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 Peru.- Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in Peru.

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 this Agreement.

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

SECTION 6.05 - Plans, Specifications, and Contracts.-

(a) The Borrower shall furnish or cause to be furnished to A.I.D. upon request all plans, specifications, bid documents, and contracts relating to the Project and any modifications therein, relating to goods and services to be financed under the Loan.

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

SECTION 6.06 - Reasonable Price.- No more than reasonable prices shall be paid for any goods or services financed, in whole or 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 established procedures prescribed in Implementation Letters.

SECTION 6.07 - Shipping and Insurance.-

(a) A.I.D. Code 941 Goods financed under the Loan shall be transported to the Republic of Peru on flag carriers of the Republic of Peru or any other country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. No such goods may be transported on any ocean vessel (or aircraft);

(i) which A.I.D. in a notice to the Borrower has designated as ineligible to carry A.I.D. financed goods or;

(ii) which has been chartered for the carriage of A.I.D. — financed goods unless such charter has been approved by A.I.D.

(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 Code 941 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 shipment of Code 941 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;

(ii) at least fifty percent (50%) of the gross tonnage of all Code 941 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 Code 941

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.

(c) Marine insurance on Code 941 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 Peru or in a country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of payment, 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 Peru, 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, Code 941 Goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk 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 Code 941 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 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 6.08 - Notification to Potential Suppliers.- In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan pursuant to Section 7.01, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 6.09 - United States Government-owned Excess Property.- The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and acceptable

by the Borrower. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan.

SECTION 6.10 - 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 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 6.11 - Information and Marking. - Borrower shall give publicity to the Loan and the Project as a joint undertaking of the United States and Peru and shall identify the Project sites and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VIIDisbursementsSECTION 7.01 - Disbursement for United States Dollar Costs -

Letter 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 - Disbursements for Local Currency Costs.- Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of Peruvian soles for Local Currency Costs of goods and services procured or to be procured for the Project in accordance with the terms and conditions of this Agreement by submitting

to A.I.D. such supporting documents as A.I.D. may prescribe in Implementation Letters. A.I.D. shall make such disbursements from soles owned by the United States Government and obtained by A.I.D. with United States dollars. The United States dollar equivalent of the soles made available hereunder will be the amount of United States dollars required by A.I.D. to obtain the soles.

SECTION 7.03 - 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 7.04 - Date of Disbursement.- Disbursement 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 7.05 - Terminal Date of 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 7.03, or amendment thereto, shall be issued in response to requests received by A.I.D. more than thirty (30) months after satisfaction of the conditions precedent specified in Section 3.01

and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 more than thirty six (36) months after satisfaction of the conditions precedent specified in Section 3.01.

A.I.D. at its option, may at any time or times after such thirty-six (36) months reduce the Loan by all or any part thereof for which documentation was not received by such date.

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ARTICLE VIIICancellation and Suspension

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

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

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

(b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project in the manner hereby agreed upon;

(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 at its option, give to the Borrower notice that all or any part of the unpaid 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.- If any one of the following shall occur:

- (a) An Event of Default (per Section 8.02);
- (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 will be able to perform its obligations under this Agreement;
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.;
- (d) 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;
- (e) Satisfactory progress is not being made in carrying out all or any part of the Project in accordance with the terms of this Agreement;

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

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

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

(iii) decline to issue additional commitment documents;

(iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of Peru.

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 disbursements 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 and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse 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 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 reason of occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

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

ARTICLE IXMiscellaneous

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

To Borrower:

Mail Address: Ministry of Economy and Finance
Avenida Abancay
Lima Peru

Cable Address: MINECONOMIA
Lima, Peru

With copies to:
The General Directorate of Public Credit

To Implementing Agency:

Mail Address: Agrarian Bank
Carabaya 543
Lima, Peru

Cable Address: AGROBANK
Lima, Peru

To A.I.D. :

Mail Address: USAID Mission to Peru
American Embassy
Lima, Peru

Cable Address: USAID, AMEMBASSY,
Lima, Peru

Other addresses may be substituted for the above upon giving notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder may be in Spanish and shall refer to "Loan 527-T-058", except as A.I.D. may otherwise agree in writing.

SECTION 9.02 - Representatives.- For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Minister of Economy and Finance, the Implementing Agency will be represented by the individual holding or acting in the office of the General Manager of the Agrarian Bank, and A.I.D. will be represented by the individual holding or acting in the office of the Director, USAID Mission to Peru. Such representatives shall have 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. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower, or the Implementing Agency designated pursuant to this Section,

it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

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

SECTION 9.04 - Promissory Notes.- At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidence 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 - Successors to Rights of A.I.D.- If by operation of any law of the United States, or by virtue of assignment, any corporate or other agency of the United States Government succeeds to the rights and obligations of A.I.D. under this Agreement, such agency shall be deemed to be A.I.D. for purposes of this Agreement.

SECTION 9.06 - Effective Date of Agreement.- This Agreement shall enter into effect on the day and year first above written.

SECTION 9.07 - 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.

SECTION 9.08 - Controlling Language.- The Loan Agreement is executed in both the English and Spanish languages. In case of ambiguity or inconsistency between the English and Spanish versions, the English language version shall control.

IN WITNESS WHEREOF, the Republic of Peru 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 REPUBLIC OF PERU

UNITED STATES OF AMERICA

Fernando Reus Salinas
Fernando Reus Salinas
Director General for Public Credit
Ministry of Economy and Finance

Robert W. Dean
Robert W. Dean
Ambassador of the United
States of America

Edgardo Seoane Corrales
Engr. Edgardo Seoane Corrales
President of the Board
Agrarian Bank of Peru

Donald R. Finberg
Donald R. Finberg
Director
A.I.D. Mission to Peru

Harry Watson Higginson
Engr. Harry Watson Higginson
General Manager
Agrarian Bank of Peru

ANNEX I

A. Purpose of the Project

The Project is designed to provide financial and technical assistance to up to 20 selected Agricultural Cooperative Federations (Centrals) in order to contribute to their consolidation and development and thereby improve their capacity to provide services to their member agricultural organizations. Such services may include assistance related to the production, marketing and industrialization of products, as well as training, technical and administrative assistance.

The specific purposes of the Project are:

1. to increase the capacity of selected Centrals to provide necessary services to their member organizations; and
2. to increase the financial and managerial viability of these Centrals.

B. Project Description

The Project will cost a total of \$14.0 million with \$7.0 million to be provided by the A.I.D. Loan and \$7.0 million by the Government of Peru's contribution. The three major components of the Project are discussed below:

1. Use of Loan Fund Allocated for Technical Assistance

The \$100,000 allocated for technical assistance under the Loan will be made available for contracting specialized professional services which the Agrarian Bank and the Ministry of Agriculture are not able to provide.

This technical assistance will be contracted for periods not to exceed one

year and will be utilized to assist with the preparation of studies of Centrals, the selection of participating Centrals, the development of Terms of Reference for Development Plans, and other activities related to project planning, implementation and evaluation. The contracting of such services to be financed under the Loan will be approved by the Agrarian Bank and the Ministry of Agriculture pursuant to agreement(s) to be executed. Except as A.I.D. may otherwise agree in writing, the technical assistance contracts will be approved by A.I.D.

2. Use of Loan Funds for Preparation of Central Development Plans

\$1.0 million of Loan funds will be used for the preparation of Development Plans to be completed according to the Terms of Reference prepared by the Ministry of Agriculture in coordination with the Agrarian Bank and approved by A.I.D. Loan funds will be made available to finance independent professional services which may include the salaries and other costs required to prepare the Development Plans of either consulting firms or individuals. The contracting of such services to be financed under the Loan will be approved by the Agrarian Bank and the Ministry of Agriculture pursuant to agreement(s) to be executed. The contracts will be approved by A.I.D., except as A.I.D. may otherwise agree in writing. Loan funds will neither be used to finance Agrarian Bank and Ministry of Agriculture administrative costs nor to pay salaries of direct-hire or contractor personnel working in these agencies.

The financial resources required to prepare the Development Plans, as well as the \$100,000 of Loan funds allocated for technical assistance, will not be reimbursed by the Centrals and member organizations to be benefitted under the Project.

3. Establishment of Central Development Fund

The Central Development Fund to be established in the Agrarian Bank will total \$12.9 million including \$5.9 million from the A.I.D. Loan and \$7.0 million of Government of Peru financing. Loan funds provided to the Fund will finance investments and requirements identified in approved Development Plans for the selected Centrals.

Eligible uses will include:

- a. Working capital sub-loans to finance both start-up costs and operating expenses for a time period not to exceed one year.
- b. Medium and long-term credit to finance investments in fixed assets that will enable Centrals to supply agro-inputs, and marketing, accounting, maintenance and other services to their member organizations.
- c. Medium and long-term credit to finance fixed asset investments for implementation of agro-industrial sub-projects.

The Agrarian Bank will provide crop production cycle credits (production and/or marketing sub-loans) to Centrals and member organizations with the \$7.0 million Government of Peru contribution to the Fund. Interest rates on sub-loans will be charged on outstanding balances and will be the same as those established by the Agrarian Bank for agricultural associative enterprises.

Préstamo de A.I.D. No.527-T-058

CONVENIO DE PRESTAMO

entre

LA REPUBLICA DEL PERU

y

LOS ESTADOS UNIDOS DE AMERICA

para

DESARROLLO DE CENTRALES DE COOPERATIVAS

AGRARIAS

FECHA: 29 SET. 1976

CONVENIO DE PRESTAMO, celebrado el veintinueve de Setiembre de 1976, entre la REPUBLICA DEL PERU ("Prestatario") y los ESTADOS UNIDOS DE AMERICA, a través de la AGENCIA PARA EL DESARROLLO INTERNACIONAL ("A.I.D.").

ARTICULO I

SECCION 1.01 - El Préstamo.- A.I.D. conviene en prestar al Prestatario de conformidad con la Sección 103 de la Ley de Ayuda al Exterior de 1961, con sus respectivas enmiendas, una suma que no excederá los siete millones de dólares estadounidenses (U.S. \$7'000,000) ("Préstamo") para cooperar con el Prestatario en llevar a cabo la ejecución del Proyecto al que se hace referencia en la Sección 1.02 ("Proyecto"). El Préstamo se utilizará exclusivamente para financiar los costos en dólares estadounidenses ("Costos en Dólares") y parte de los costos en moneda local ("Costos en Moneda Local") de bienes y servicios necesarios para el Proyecto. El monto total de desembolsos a efectuarse bajo el Préstamo será denominado en adelante "Principal".

SECCION 1.02 - El Proyecto.- El Proyecto consiste en poner en ejecución un Programa de Asistencia Técnica y Financiera a un grupo no mayor de 20 Centrales de Cooperativas Agrarias ("Centrales") seleccionadas.

De los 7'000,000.00 de dólares del Préstamo, se utilizará hasta 100,000.00 dólares para asistencia técnica en planificación, ejecución y evaluación del Proyecto, y hasta 1'000,000.00 de dólares para la elaboración de Planes de Desarrollo de las Centrales seleccionadas.

Además, con el saldo de 5'900,000.00 dólares de los fondos del Préstamo, se establecerá un Fondo para el Desarrollo de Centrales ("Fondo") del cual se concederán créditos para financiar necesidades de capital operativo, inversiones en activos fijos para la provisión de servicios y para proyectos agro-industriales. El Prestatario contribuirá al Fondo el equivalente de 7'000,000.00 de dólares de contrapartida nacional que estará conformada por créditos ordinarios de corto plazo que se otorgarán tanto a las Centrales como a sus organizaciones miembros.

En el Anexo adjunto al presente se describe con detalle el Proyecto, el mismo que puede ser modificado por escrito por mutuo acuerdo entre las partes.

SECCION 1.03 - Agencia Ejecutora.- El Prestatario, en este documento designa al Banco Agrario del Perú ("Banco") como Agencia Ejecutora a fin de realizar el Proyecto a que se refiere la Sección 1.02.

El Banco, como Agencia Ejecutora suscribirá con el Ministerio de Agricultura a través de la "Dirección General de Apoyo a las Empresas Campesinas" el o los Convenios necesarios en lo relativo a la utilización de los fondos del Préstamo consignados para asistencia técnica y la formulación de planes de Desarrollo de las Centrales.

SECCION 1.04 - Uso de Fondos Provenientes de Otras Fuentes de Asistencia de los Estados Unidos.- El Prestatario podrá utilizar para el Proyecto, en vez de los dólares estadounidenses que de otra manera serían desembolsados bajo el Préstamo para financiar los Costos en Moneda

Local del Proyecto, soles peruanos que pudieran ser puestos a disposición del Prestatario después de la fecha de este Convenio, con relación a asistencia (que no sea del Préstamo) proporcionada al Prestatario por los Estados Unidos de América, en la medida y para los fines que A.I.D. y el Prestatario pudieran acordar por escrito. Cualesquiera de dichos fondos que se usen para el Proyecto reducirán el monto del Préstamo (de aquella parte que hasta entonces no haya sido desembolsada) en una cantidad equivalente en dólares estadounidenses computada, en la fecha del Convenio entre A.I.D. y el Prestatario, en lo que se refiere al uso de dichos fondos al tipo de cambio entre dólares estadounidenses y soles peruanos que rinda el mayor número de soles por dólar y que no sea ilegal en el Perú.

ARTICULO IICondiciones del Préstamo

SECCION 2.01 - Intereses.- El Prestatario pagará a A.I.D. intereses que se acumularán a una tasa del dos por ciento (2%) anual al rebatir durante los diez años siguientes a la fecha del primer desembolso efectuado bajo el Préstamo, y a una tasa del tres por ciento (3%) anual al rebatir de allí en adelante sobre el saldo pendiente del Principal y sobre cualquier interés vencido y no pagado. Los intereses sobre el saldo pendiente se acumularán a partir de la fecha en que se efectúe cada desembolso (según se define dicha fecha en la Sección 7.04) y se calcularán sobre la base de un año de 365 días. Los intereses se pagarán semestralmente. El primer pago de intereses vencerá y será pagadero, a más tardar, a los seis (6) meses de haberse efectuado el primer desembolso bajo el Préstamo, en una fecha que será señalada por A.I.D.

SECCION 2.02 - Amortización.- El Prestatario amortizará el Principal a A.I.D. dentro de un período de cuarenta (40) años que se contará a partir de la fecha en que se efectúe el primer desembolso del Préstamo en sesenta y una (61) armadas semestrales y aproximadamente iguales de Principal e intereses. La primera armada del Principal será pagadera nueve y medio (9 1/2) años después de la fecha de vencimiento del primer pago de intereses de acuerdo con la Sección 2.01. A.I.D. proporcionará al Prestatario un calendario de amortizaciones de acuerdo con esta Sección después de haberse efectuado el desembolso final bajo el Préstamo.

SECCION 2.03 - Tipo de Moneda, Destino y Lugar de los Pagos.- Todos los pagos de intereses y Principal del Préstamo serán efectuados en dólares estadounidenses y serán destinados, en primer lugar, al pago de los intereses pendientes y luego a la amortización del Principal. A menos que A.I.D. especifique lo contrario por escrito, todos estos pagos serán efectuados a: Cajero SER/CONT, Agencia para el Desarrollo Internacional, Washington, D.C. 20523, y se considerarán por efectuados al ser recibidos por la Oficina del Cajero.

SECCION 2.04 - Pago por Adelantado.- Después de haber pagado los intereses, Principal y reembolsos vencidos, el Prestatario podrá pagar por adelantado, sin recargo alguno, todo o parte del Principal. Cualquier pago por adelantado de esta índole será aplicado a las armadas del Principal en el orden inverso a su vencimiento.

SECCION 2.05 - Re-negociación de las Condiciones del Préstamo.- El Prestatario conviene en negociar con A.I.D. la aceleración de la amortización del Préstamo en el momento que A.I.D. o el Prestatario lo solicite. Las partes contratantes determinarán mutuamente si tal aceleración deberá efectuarse en base al siguiente criterio:

(i) La capacidad del Prestatario para liquidar más rápidamente sus obligaciones según la situación financiera interna y externa del Perú, teniendo en cuenta las deudas contraídas con cualquier agencia de los Estados Unidos de América, o con cualquier organización internacional de la cual los Estados Unidos de América sea miembro; y

(ii) Los requerimientos relativos de capital del Prestatario y de los otros signatarios del Acta de Bogotá y de la Carta de Punta del Este,

ARTICULO IIICondiciones Precedentes al DesembolsoSECCION 3.01 - Condiciones Precedentes al Desembolso Inicial de Fondos

del Préstamo.— Antes de efectuarse cualquier desembolso o de emitirse la primera Carta de Compromiso bajo el Préstamo, el Prestatario proporcionará a A.I.D., excepto que A.I.D. acuerde lo contrario por escrito, en forma y contenido satisfactorios a A.I.D. lo siguiente:

- (a) Una comunicación o comunicaciones emitida(s) por el Director General de la Dirección General de Asesoría Jurídica del Ministerio de Economía y Finanzas o por otro asesor que A.I.D. considere aceptable, indicando que el presente Convenio ha sido debidamente autorizado o ratificado por, y ejecutado y emitido a nombre del Prestatario, y que constituye una obligación válida que legalmente compromete al Prestatario al cumplimiento de sus condiciones;
- (b) Testimonio de la autoridad de la(s) persona(s) que actuará(n) como representante(s) del Prestatario de conformidad con la Sección 9.02, junto con el facsímil de la firma de dicha(s) persona(s) debidamente certificada(s) en cuanto a su autenticidad;
- (c) Constancia de apertura de una cuenta especial en el Banco Agrario para el establecimiento del Fondo.
- (d) Testimonio de que el Prestatario dispondrá de recursos suficientes y oportunos para efectuar sus contribuciones al Proyecto;

(e) Un Plan de Ejecución del Proyecto que incluirá entre otras cosas, una descripción de las funciones de las diversas entidades gubernamentales que participan en el Proyecto, y las disposiciones tomadas para contar con personal adecuado en dichas entidades.

SECCION 3.02 - Condición Precedente al Desembolso de Fondos para Cualquier Fin que no Sea el de Asistencia Técnica.- Antes de cualquier desembolso o la emisión de cualesquier documentos de compromiso bajo el Préstamo para cualquier fin que no sea el de financiar hasta la suma de \$100,000 en asistencia técnica, el Prestatario a través de la Agencia Ejecutora presentará a la A.I.D. en forma y contenido satisfactorios a ésta, los términos de referencia para la elaboración de los Planes de Desarrollo de las Centrales a finanziarse bajo el Proyecto.

SECCION 3.03 - Condiciones Precedentes al Desembolso de Fondos para cada Central.- Antes de efectuarse cualquier desembolso o emitirse cualesquier documento de compromiso bajo el Préstamo para cualquiera de las Centrales, para otros fines que no sean la preparación de un Plan de Desarrollo para esa Central, ("Plan de Desarrollo"), el Prestatario deberá remitir a A.I.D. dicho Plan de Desarrollo que deberá ajustarse a los términos de referencia remitidos de acuerdo a la Sección 3.02.

SECCION 3.04 - Fechas Finales para el Cumplimiento de las Condiciones Precedentes al Desembolso.- (a) Si todas las condiciones especificadas en la Sección 3.01 no hubieren sido cumplidas dentro de los noventa (90) días posteriores a la fecha de este Convenio, o en una fecha posterior

que A.I.D. pudiere acordar por escrito, A.I.D. podrá a su criterio dar por terminado este Convenio notificando por escrito al Prestatario. Al cursarse dicha notificación, el presente Convenio y todas las obligaciones contraídas por las partes contenidas en este documento se darán por terminadas. (b) Si todas las condiciones especificadas en la Sección 3.02 no hubieren sido cumplidas dentro de los ciento cincuenta (150) días posteriores a la fecha de este Convenio, o en una fecha posterior que A.I.D. pudiere aprobar por escrito, A.I.D. a su criterio, podrá cancelar el saldo no desembolsado hasta entonces del Préstamo, en su totalidad o en parte o podrá dar por terminado este Convenio cursando una notificación escrita al Prestatario. En caso de terminación del Convenio, al recibir la notificación a tal efecto, el Prestatario deberá amortizar inmediatamente el Principal pendiente y deberá pagar cualquier monto de intereses devengados y al haberse cancelado la totalidad de dichos pagos, este Convenio y todas las obligaciones contraídas por las partes bajo el mismo habrán terminado.

SECCION 3.05 - Notificación del Cumplimiento de las Condiciones

Precedentes al Desembolso.- A.I.D. notificará al Prestatario tan pronto como las condiciones precedentes al desembolso especificadas en las Secciones 3.01, 3.02 y 3.03 de este Convenio de Préstamo hayan sido cumplidas.

ARTICULO IVCondiciones y Garantías Generales

SECCION 4.01 - Ejecución del Proyecto.- El Prestatario se encargará de que el Proyecto se lleve a cabo, con la diligencia y eficiencia debidas y de acuerdo con prácticas financieras y administrativas generalmente aceptadas, y asimismo de acuerdo con todos los planes, especificaciones, contratos, programas y demás condiciones incluyendo todas las modificaciones hechas a los mismos, que hayan sido acordadas con A.I.D. de conformidad con este Convenio.

SECCION 4.02 - Fondos y Otros Recursos que serán Proporcionados por el Prestatario.- El Prestatario proporcionará o se encargará de que se proporcione puntualmente a medida que se requieran todos los fondos, además de los del Préstamo, y todos los otros recursos que se requieran para la ejecución puntual y efectiva del Proyecto, incluyendo pero no limitándose a la contribución establecida en la Sección 5.01(a).

SECCION 4.03 - Consulta Permanente.- El Prestatario y A.I.D. cooperarán plenamente para asegurar que se logren los objetivos del Préstamo. Para tal efecto, el Prestatario y A.I.D. periódicamente, a solicitud de cualquiera de las dos partes, intercambiarán opiniones a través de sus representantes, con respecto al progreso del Proyecto, el cumplimiento de las obligaciones de este Convenio por ambas partes el desempeño de los consultores, contratistas y abastecedores involucrados en el Proyecto y otros asuntos relacionados con el mismo.

SECCION 4.04 - Administración.- El Prestatario se encargará de que el Proyecto sea administrado por personal calificado y experimentado y se encargará de capacitar dicho personal según sea conveniente para la buena organización, progreso, mantenimiento, ejecución y evaluación del Proyecto.

SECCION 4.05 - Impuestos.- Este Convenio, el Préstamo y cualquier documento de deuda que se emita con relación a los mismos estarán exonerados de cualquier impuesto o contribución y el Principal y los intereses serán pagados sin deducción por concepto de impuestos o contribuciones establecidos por las leyes vigentes en la República del Perú. En los casos en que (a) cualquier contratista, incluyendo cualquier firma consultora, cualquier empleado de dicho contratista financiado bajo el Préstamo, y cualquier bien o transacción relacionados con dichos contratos y (b) cualquier transacción para la adquisición de bienes financieros bajo este Préstamo, no estén exonerados de impuestos, tarifas, tasas, derechos y otras contribuciones identificables que se impongan de acuerdo con las leyes vigentes en el Perú, el Prestatario de acuerdo con y en la medida señalada por las Cartas de Ejecución pagará o reembolsará los mismos, conforme a la Sección 4.02 de este Convenio, con fondos que no sean los proporcionados por A.I.D. bajo el Préstamo.

SECCION 4.06 - Utilización de los Bienes y Servicios.-

(a) Los bienes y servicios financiados bajo el Préstamo serán utilizados exclusivamente para el Proyecto, a menos que A.I.D. y el Prestatario aprueben lo contrario por escrito.

(b) A menos que A.I.D. apruebe lo contrario por escrito, ningún bien o servicio financiado bajo este Préstamo podrá utilizarse para promover o ayudar a un proyecto de ayuda extranjera o actividad asociada con/o financiada por cualquier país que no esté incluido en el Código Geográfico 935 de A.I.D. que se encuentre en vigencia al tiempo de dicho uso.

SECCION 4.07 - Declaración de Hechos y Sucesos Sustanciales. - El Prestatario declara y garantiza que todos los hechos y sucesos, que ha presentado o ha hecho presentar a A.I.D. durante el proceso de gestión del Préstamo son exactos y completos y que ha presentado todos los hechos y sucesos que podrían afectar sustancialmente al Proyecto y el cumplimiento de sus obligaciones bajo este Convenio. El Prestatario informará sin demora a A.I.D. sobre cualquier hecho o suceso, que surja en adelante y afecte sustancialmente el Proyecto o el cumplimiento de las obligaciones del Prestatario bajo este Convenio.

SECCION 4.08 - Comisiones, Honorarios y Otros Pagos. -

(a) El Prestatario declara que, durante el proceso de gestión del Préstamo o al tomar cualquier acción relacionada con este Convenio, no ha pagado, o no pagará, ni convendrá en pagar, ni que según su leal saber y entender, ninguna otra persona o entidad ha pagado ni pagará ni convendrá en pagar comisiones, honorarios u otros pagos de cualquier índole a menos que sean remuneraciones normales para los funcionarios

y empleados a tiempo completo del Prestatario o remuneraciones de buena fe por servicios técnicos, profesionales o similares. El Prestatario informará, sin demora, a A.I.D. sobre cualquier pago o acuerdo para pagar dichos servicios técnicos, profesionales o similares de buena fe en los cuales participan o de los cuales tienen conocimiento (indicando si ya se efectuó dicho pago o se efectuará en forma eventual), y en el caso de que no se considere razonable el monto de un pago de esta índole, se modificará en una forma satisfactoria.

(b) El Prestatario declara que ni el Prestatario ni ninguno de sus funcionarios ha recibido o recibirá pagos relacionados con la adquisición de bienes y servicios financiados bajo el Préstamo, excepto los honorarios, impuestos o pagos similares establecidos de acuerdo con las leyes de la República del Perú.

SECCION 4.09 - Mantenimiento de Libros y Registros de Contabilidad y Auditoria.— El Prestatario llevará o hará llevar libros y registros relacionados con el Proyecto y con este Convenio de acuerdo con principios y procedimientos contables generalmente aceptados, los cuales serán aplicados en forma permanente. Dichos libros y registros mostrarán en forma adecuada, sin limitación alguna, lo siguiente:

- (a) la recepción y utilización de bienes y servicios adquiridos con fondos desembolsados de acuerdo con este Convenio;
- (b) la naturaleza y el alcance de las licitaciones que hayan sido convocadas para la adquisición de los bienes y servicios de los posibles proveedores;

(c) las bases para el otorgamiento de contratos y pedidos para los postores favorecidos; y

(d) el progreso, tanto financiero como cualitativo del Proyecto.

Dichos libros y registros serán auditados con regularidad por auditores reconocidos por A.I.D. de acuerdo con normas y procedimientos de auditoría generalmente aceptados, por un periodo y con la frecuencia que señale A.I.D. y se mantendrán por cinco (5) años con posterioridad a la fecha que A.I.D. efectúe el último desembolso, ó hasta que todas las sumas pendientes de pago a A.I.D. bajo este Convenio, hayan sido pagadas, dependiendo de cual de los dos hechos ocurra primero.

SECCION 4.10 - Informes.- El Prestatario proporcionará a A.I.D. los datos e informes sobre el Préstamo y el Proyecto que A.I.D. pudiera solicitar.

SECCION 4.11 - Inspecciones.- Los representantes autorizados de A.I.D. tendrán el derecho de inspeccionar en el momento que lo consideren oportuno, el Proyecto, la utilización de todos los bienes, las instalaciones y servicios financiados bajo el Préstamo, así como los libros, registros y otros documentos del Prestatario, relacionados con el Proyecto y el Préstamo. El Prestatario colaborará con A.I.D. para facilitar dichas inspecciones y visitas a las áreas relacionadas con el Proyecto.

ARTICULO VCondiciones y Garantías Especiales

SECCION 5.01 - Condiciones y Garantías Especiales.- El Prestatario garantiza que:

- (a) Proveerá el equivalente de por lo menos 7'000,000.00 de dólares como su contribución al presente Proyecto;
- (b) Proporcionará o se encargará de que se proporcione, de manera adecuada y oportuna, la asistencia técnica y servicios de extensión que el Proyecto habrá de requerir;
- (c) Se llevará a cabo una evaluación anual conjunta del Proyecto con la participación de representantes de A.I.D. y de la Agencia Ejecutora;
- (d) No se efectuarán cambios sustanciales en los planes, reglamentos, u otro testimonio remitidos de conformidad con el Artículo III del presente Convenio sin el consentimiento por escrito de A.I.D..

ARTICULO VIAdquisicionesSECCION 6.01 - Adquisiciones en Paises de la Lista Geográfica 941 de

A.I.D.- A menos que A.I.D. acuerde lo contrario por escrito y excepto en aquellos casos estipulados en la Sección 6.07(c) del presente Convenio con respecto al seguro marítimo, los desembolsos que se efectúen de acuerdo con la Sección 7.01 serán empleados exclusivamente para financiar la adquisición para el Proyecto de bienes y servicios cuyo lugar de procedencia y origen sean los países especificados en la Lista Geográfica 941 de A.I.D. que esté en vigencia en el momento en que se efectúen los pedidos y se celebren los contratos por dichos bienes y servicios ("Bienes y Servicios Adquiridos en Paises de la Lista Geográfica 941 de A.I.D."). No obstante algunas otras disposiciones incluidas en el presente Convenio, los vehículos motorizados que se adquieran con los fondos del Préstamo deberán ser fabricados en los Estados Unidos de Norteamérica. Todos los embarques marítimos financiados bajo el Préstamo tendrán su lugar de procedencia y origen en los países especificados en la Lista Geográfica 941 de A.I.D. que esté en vigencia en el momento en que se efectúe el embarque.

SECCION 6.02 - Adquisiciones Efectuadas dentro del Perú.- A menos que A.I.D. acuerde lo contrario por escrito, los desembolsos que se efectúen de acuerdo con la Sección 7.02 serán empleados exclusivamente para financiar la adquisición para el Proyecto de bienes y servicios cuyo lugar de procedencia y origen sea el Perú.

SECCION 6.03 - Fechas Elegibles para las Adquisiciones.- A menos que A.I.D. apruebe lo contrario por escrito, no pueden ser financiados bajo el Préstamo aquellos bienes y servicios que sean adquiridos mediante pedidos y contratos efectuados o celebrados en forma definitiva antes de la fecha de este Convenio.

SECCION 6.04 - Ejecución de los Requerimientos sobre Adquisiciones.- En futuras Cartas de Ejecución se definirá detalladamente los requerimientos de elegibilidad aplicables a las adquisiciones estipuladas en las Secciones 6.01 y 6.02.

SECCION 6.05 - Planes, Especificaciones y Contratos.- (a) El Prestatario proporcionará o hará que se proporcione a A.I.D. cuando así lo solicite, todos los planes, especificaciones, documentos de licitación y contratos relacionados con el Proyecto y cualquier modificación hecha a los mismos, relacionados con los bienes y servicios a ser financiados bajo el Préstamo; (b) Excepto que A.I.D. acuerde lo contrario por escrito, dichos planes, especificaciones, documentos de licitación y contratos proporcionados de acuerdo a la sub-sección (a) antes mencionada, deberán ser aprobados por escrito por A.I.D.

SECCION 6.06 - Precios Razonables.- Se pagará sólo precios razonables por bienes o servicios financiados, en su totalidad o en parte, bajo el Préstamo, según se describa más detalladamente en las Cartas de Ejecución. Dichos bienes y servicios serán adquiridos en una forma justa y con excepción de servicios profesionales, sobre una base competitiva de acuerdo con

los procedimientos establecidos y estipulados para este fin en las Cartas de Ejecución.

SECCION 6.07 - Transporte y Seguros.-

(a) Los bienes adquiridos en Países de la Lista Geográfica 941 de A.I.D. y financiados bajo el Préstamo serán transportados a la República del Perú por barcos que lleven bandera de la República del Perú o de cualquier otro país incluido en la Lista Geográfica 935 de A.I.D. que esté en vigencia en el momento del embarque. Ninguno de dichos bienes podrán ser transportados en barco (o avión):

(i) que A.I.D. en una nota al Prestatario haya señalado como inelegible para transportar bienes financiados por A.I.D. o:

(ii) que haya sido fletado para el transporte de bienes financiados por A.I.D. a menos que dicho flete haya sido aprobado por A.I.D.

(b) A menos que A.I.D. determine que no existen barcos comerciales de propiedad privada y bandera de los Estados Unidos disponibles que ofrezcan tarifas justas y razonables:

(i) por lo menos cincuenta por ciento (50%) del tonelaje bruto de todos los bienes adquiridos en Países de la Lista Geográfica 941 de A.I.D. y financiados bajo el Préstamo y transportados en barcos desde puertos de los Estados Unidos de Norteamérica (computados separadamente los barcos de carga seca a granel, los barcos de carga seca y los barcos tanque), deberán ser transportados por barcos comerciales de propiedad privada y de bandera de los Estados Unidos de Norteamérica, y por lo menos

el cincuenta por ciento (50%) de la renta bruta proveniente del flete generado por todos los embarques de bienes de Paises de la Lista Geográfica 941 financiados bajo el Préstamo y transportados por barcos de carga seca de puertos de los Estados Unidos, será pagada a/o en beneficio de barcos comerciales de propiedad privada y de bandera estadounidense;

(ii) por lo menos cincuenta por ciento (50%) del tonelaje bruto de todos los bienes de Paises de la Lista Geográfica 941 financiados bajo el Préstamo y transportados por mar, de puertos que no sean de los Estados Unidos (computados separadamente los barcos de carga seca a granel, los barcos de carga seca y los barcos tanque) deberán ser transportados por barcos comerciales de propiedad privada y de bandera estadounidense y por lo menos cincuenta por ciento (50%) de la renta proveniente del flete bruto generado por embarques marítimos de bienes de Paises de la Lista Geográfica 941 financiados bajo el Préstamo y transportados en barcos de carga seca de puertos que no sean de los Estados Unidos, se abonará a/o en beneficio de barcos comerciales de propiedad privada y de bandera estadounidense.

(c) El seguro marítimo para bienes adquiridos en los Paises de la Lista Geográfica 941 puede ser financiado bajo el Préstamo con desembolsos efectuados de acuerdo con la Sección 7.01, siempre y cuando (i) el costo del seguro sea el más bajo que se pueda conseguir competitivamente en el Perú o en un país incluido en la Lista Geográfica 941, y que esté en vigencia en el momento en que se efectúe el pago, y (ii) los reclamos bajo dicho seguro sean pagaderos en una moneda de libre convertibilidad.

Si, en relación con la colocación del seguro marítimo para embarques financiados bajo la legislación de los Estados Unidos que autoriza el otorgamiento de asistencia a otros países, la República del Perú, mediante un estatuto, decreto, reglamento u ordenanza, favoreciera a cualquier compañía de seguros marítimos de cualquier país en perjuicio de cualquier compañía de seguros marítimos autorizada para operar en cualquier estado de los Estados Unidos de Norteamérica, los bienes adquiridos en Países de la Lista Geográfica 941, mientras dure dicha discriminación, serán asegurados en los Estados Unidos de Norteamérica contra riesgos marítimos por una compañía de seguros o compañías autorizadas para realizar servicios de corretaje de seguros marítimos en cualquier estado de los Estados Unidos de Norteamérica.

(b) El Prestatario asegurará, o hará asegurar, todos los bienes adquiridos en Países de la Lista Geográfica 941 y financiados bajo el Presntamo contra los riesgos que se corran en transportarlos al lugar donde se usarán en el Proyecto. Dicho seguro se contratará en condiciones conformes con prácticas comerciales generalmente aceptadas, asegurará el valor total de los bienes, y será pagadero en la moneda en que dichos bienes fueron financiados o en cualquier moneda de libre convertibilidad. Cualquier indemnización recibida por el Prestatario bajo dicho seguro se utilizará para reemplazar o reparar cualquier daño material o pérdida de los bienes asegurados o para reembolsar al Prestatario para reemplazar o para reparar dichos bienes. Cualquier reemplazo de esta índole tendrá

su procedencia y origen en los países especificados en la Lista Geográfica 941 que está en vigencia en el momento en que se hagan los pedidos o contratos por dichos reemplazos, y además, estará sujeto a las disposiciones de este Convenio.

SECCION 6.08 - Notificación a los Posibles Abastecedores.- Para que todas las firmas estadounidenses puedan tener la oportunidad de proveer los bienes y servicios financiados bajo el Préstamo según la Sección 7.01, el Prestatario proporcionará a A.I.D. aquellos datos relacionados con los mismos y en aquellas ocasiones que A.I.D. solicite en las Cartas de Ejecución.

SECCION 6.09 - Bienes Excedentes de Propiedad del Gobierno de los Estados Unidos de América.- El Prestatario, en relación con los bienes financiados bajo el Préstamo que se convierten en propiedad del Prestatario al momento de ser adquiridos, utilizará los Bienes Excedentes reacondicionados de propiedad del Gobierno de los Estados Unidos de América que estén de acuerdo con los requerimientos del Proyecto y que hayan sido aceptados por el Prestatario. El Prestatario solicitará la asistencia de A.I.D., y A.I.D. asistirá al Prestatario en determinar si dichos Bienes Excedentes están disponibles y en conseguirlos. A.I.D. tomará las medidas para que el Prestatario o sus representantes puedan inspeccionar dichos bienes si fuera necesario. El costo de la inspección y la adquisición y todos los gastos involucrados en transportar dichos Bienes Excedentes, podrán ser financiados bajo el Préstamo.

SECCION 6.10 - Bienes y Servicios No Financiados Bajo el Préstamo.-

Los bienes y servicios adquiridos para este Proyecto, pero no financiados bajo el Préstamo, tendrán su procedencia y origen en los países especificados en la Lista Geográfica 935 de A.I.D. que esté en vigencia en el momento en que se hagan los pedidos por dichos bienes y servicios.

SECCION 6.11 - Publicidad y Requerimientos de Marca.- El Prestatario dará publicidad al Préstamo y al Proyecto como un programa en conjunto del Gobierno de los Estados Unidos de América y el Gobierno del Perú y deberá identificar los lugares del Proyecto y marcará los bienes financiados bajo el Préstamo, según lo estipulado en las Cartas de Ejecución.

ARTICULO VIIDesembolsosSECCION 7.01 - Desembolsos por Costos en Dólares EstadounidensesCartas de Compromiso para Bancos en los Estados Unidos de Norte América.-

Al cumplir satisfactoriamente con las condiciones precedentes, el Prestatario podrá periódicamente cuando sea necesario, solicitar a A.I.D. que expida Cartas de Compromiso por montos específicos a favor de uno o más bancos en los Estados Unidos, que A.I.D. considere aceptables, por las cuales A.I.D. se compromete a reembolsar a dicho banco o bancos por los pagos que haya(n) efectuado a favor de contratistas o abastecedores mediante el uso de Cartas de Crédito ó otros documentos para sufragar los costos en dólares de bienes y servicios adquiridos para el Proyecto de acuerdo con las condiciones de este Convenio. El pago que el banco haga al contratista o abastecedor será efectuado al ser presentada la documentación sustentatoria estipulada por A.I.D. en las Cartas de Compromiso y las Cartas de Ejecución.

Los gastos bancarios de los bancos de los Estados Unidos, incurridos en relación con las Cartas de Compromiso y las Cartas de Crédito correrán por cuenta del Prestatario y podrán ser financiados bajo el Préstamo.

SECCION 7.02 - Desembolsos por Costos en Moneda Local.- Al cumplir satisfactoriamente con las condiciones precedentes, el Prestatario puede, periódicamente, solicitar que A.I.D. desembolse Soles Peruanos para

sufragar los costos en moneda local de bienes y servicios adquiridos o para ser adquiridos para este Proyecto de acuerdo con las condiciones de este Convenio; presentando a A.I.D. la documentación sustentatoria, según lo estipule A.I.D. en las Cartas de Ejecución. A.I.D. hará dichos desembolsos de los Soles de que dispone el Gobierno de los Estados Unidos y que A.I.D. obtiene cambiando dólares estadounidenses. El equivalente en dólares estadounidenses de los Soles que se proporcionan bajo esta Sección será la cantidad de dólares estadounidenses que A.I.D. necesitará para obtener los Soles.

SECCION 7.03 - Otras Formas de Desembolsos.- Los desembolsos del Préstamo pueden ser efectuados en cualquier otra forma que el Prestatario y A.I.D. pudieran acordar por escrito.

SECCION 7.04 - Fecha de Desembolso.- Se considerará que A.I.D. habrá efectuado desembolsos (a) en el caso de que se hagan desembolsos de acuerdo con la Sección 7.01 en la fecha en que A.I.D. efectué un desembolso a favor del Prestatario, de la persona o entidad designada por él o de una entidad bancaria de acuerdo con una Carta de Compromiso, y (b) en el caso de que se haga desembolsos de acuerdo con la Sección 7.02 en la fecha en que A.I.D. desembolse moneda local a favor del Prestatario o de la persona o entidad designada por él.

SECCION 7.05 - Fecha Final de Desembolso.- A menos que A.I.D. apruebe por escrito lo contrario, ninguna Carta de Compromiso, ni ningún otro documento de compromiso que se pudiere requerir mediante

alguna otra forma de desembolso especificada en la Sección 7.03 o una modificación a la misma será emitido si A.I.D. recibiere solicitudes para dichos desembolsos con posterioridad a los treinta (30) meses del cumplimiento de las condiciones precedentes especificadas en la Sección 3.01, y no se efectuará ningún desembolso contra documentación recibida por A.I.D. o cualquier banco según se estipula en la Sección 7.01 con posterioridad a los treintiseis (36) meses del cumplimiento de las condiciones precedentes especificadas en la Sección 3.01.

A.I.D., a su criterio, podrá en cualquier momento después de dichos treintiseis (36) meses reducir el Préstamo en su totalidad o en aquella parte del mismo para la cual no se hubiere recibido documentación hasta la fecha indicada.

ARTICULO VIIICancelación y Suspensión

SECCION 8.01 - Cancelación por el Prestatario.- El Prestatario puede, previa aprobación por escrito de A.I.D., e informando a A.I.D. por escrito, desistir de recibir cualquier parte del Préstamo (i) para la cual A.I.D. antes de recibir dicha notificación no hubiere efectuado desembolsos ni se hubiere comprometido a efectuar desembolsos; o (ii) la cual no hubiere sido utilizada mediante la emisión de Cartas de Crédito irrevocables o mediante pagos efectuados a través de bancos por otros medios que no sean Cartas de Crédito irrevocables.

SECCION 8.02 - Casos de Incumplimiento; Aceleración.- Si uno o más de los siguientes casos ("Casos de Incumplimiento") ocurriere:

- (a) El Prestatario no hubiere pagado a la fecha de vencimiento, cualquier interés o cualquier armada del Principal, estipulados en este Convenio;
- (b) El Prestatario no cumpliera con cualquier otra disposición de este Convenio, incluyendo, pero no limitándose a, la obligación de llevar a cabo el Proyecto en la forma acordada bajo este Convenio;
- (c) El Prestatario no cumpliera con pagar, en la fecha de vencimiento cualquier monto de interés, o cualquier armada del Principal o cualquier otro pago estipulado por cualquier otro convenio de préstamo, o cualquier otro convenio celebrado entre el Prestatario o cualesquiera de sus agencias y A.I.D. o cualesquiera de las agencias que le precedieron.

Entonces A.I.D. puede, a su criterio, notificar al Prestatario que la totalidad o cualquier parte del Principal no reembolsado vencerá y será pagadera dentro de sesenta (60) días contados a partir de la fecha de dicha notificación, y a menos que el Caso de Incumplimiento sea subsanado dentro de dicho plazo de sesenta (60) días:

- (i) dicho Principal no reembolsado y los intereses acumulados bajo este Préstamo vencerán y serán pagaderos inmediatamente; y
- (ii) el monto de otros desembolsos adicionales, cualesquiera que sean, efectuados en cumplimiento de Cartas de Crédito irrevocables pendientes u otros documentos, vencerá y será pagadero tan pronto como se efectúen dichos desembolsos.

SECCION 8.03 - Suspensión de Desembolsos.- Si ocurrieren cualesquiera de los siguientes hechos:

- (a) Un Caso de Incumplimiento (según Sección 8.02);
- (b) Un acontecimiento que según A.I.D. constituye una situación extraordinaria que hace improbable que se logre el objetivo del Préstamo o que el Prestatario pueda llevar a cabo las obligaciones que ha contraído bajo este Convenio;
- (c) Cualquier desembolso efectuado por A.I.D. que constituya una violación de la legislación que gobierna a la A.I.D.;
- (d) El Prestatario no hubiere cumplido con pagar, a su vencimiento cualquier monto de intereses, o cualquier armada del Principal o cualquier otro pago que esté estipulado por cualquier otro convenio

de préstamo o cualquier otro convenio celebrado entre el Prestatario o cualesquiera de sus agencias y el Gobierno de los Estados Unidos de Norteamérica o cualesquiera de sus agencias;

(e) No se estuviere logrando un progreso satisfactorio en la ejecución de todo o cualquier parte del Proyecto de conformidad con los términos del presente Convenio; A.I.D. podrá a su criterio:

(i) suspender o cancelar los documentos de compromiso pendientes cuando no hayan sido utilizados mediante la emisión de Cartas de Crédito irrevocables o mediante pagos efectuados a través de bancos en formas que no sean Cartas de Crédito irrevocables, en cuyo caso A.I.D. dará aviso inmediato al Prestatario;

(ii) negarse a hacer desembolsos con excepción de aquéllos en cumplimiento de documentos de compromiso pendientes;

(iii) negarse a expedir documentos adicionales de compromiso;

(iv) por cuenta de A.I.D. disponer que los títulos de propiedad de los bienes financiados bajo el Préstamo sean transferidos a nombre de A.I.D. si los bienes procedieran de un país que no fuera el país del Prestatario y estuvieran en condiciones para ser entregados y no hubieran sido desembarcados en puertos de entrada del Perú.

Cualquier desembolso que se hiciere o fuere hacerse bajo el Préstamo en relación con los bienes transferidos en esta forma será deducido del Principal.

SECCION 8.04 - Cancelación por A.I.D..- Después de cualquier suspensión de desembolsos de acuerdo con la Sección 8.03, si la causa o las causas de dicha suspensión de desembolsos no hubieran sido eliminadas o corregidas dentro del plazo de sesenta (60) días, a partir de la fecha en que empezó la suspensión, A.I.D. podrá a su criterio, en cualquier momento o en cualesquiera momentos de allí en adelante, cancelar la totalidad o cualquier parte del Préstamo que en aquel entonces no haya sido desembolsado o no esté sujeto a Cartas de Crédito irrevocables.

SECCION 8.05 - Vigencia del Convenio.- A pesar de cualquier cancelación o suspensión de desembolso o aceleración del reembolso, las disposiciones de este Convenio seguirán teniendo plena vigencia hasta que todo el Principal y los intereses acumulados bajo este Préstamo hayan sido pagados por completo.

SECCION 8.06 - Devoluciones.-

(a) En el caso de que hubiera cualquier desembolso que no estuviera sustentado por documentación válida de conformidad con las condiciones de este Convenio, o que hubiera un desembolso no efectuado o utilizado de acuerdo con las condiciones de este Convenio; no obstante, que este Convenio contiene otras disposiciones o facultades que pueden ser aplicadas a la solución de dicha situación, A.I.D. puede solicitar al Prestatario que le reembolse dicha suma en dólares estadounidenses dentro de un plazo de treinta (30) días después de haber recibido la solicitud de dicha devolución. Dicha suma será utilizada, en primer

lugar, para sufragar el costo de los bienes y servicios adquiridos para el Proyecto bajo el Préstamo, por un monto justificado; el saldo, si lo hubiera, será aplicado a las armadas del Principal en el orden inverso a su vencimiento, y será deducido del monto del Préstamo. A pesar de cualquier otra disposición de este Convenio, A.I.D. seguirá teniendo el derecho a que se le reembolse cualquier desembolso efectuado bajo el Préstamo durante un periodo de cinco (5) años después de la fecha en que se efectuó dicho desembolso.

(b) En el caso de que A.I.D. recibiera una devolución de un contratista, abastecedor, entidad bancaria, o de cualquier tercero relacionado con el Préstamo con respecto a bienes o servicios financiados bajo el Préstamo, y que dicha devolución estuviera relacionada con un precio no razonable que haya sido pagado por bienes o servicios, o con bienes que no estuvieran conformes con las especificaciones o con bienes y servicios que fueran inadecuados, A.I.D. en la medida que se justifique dispondrá que, en primer lugar, se utilice dicho reembolso para sufragar el costo de bienes y servicios adquiridos bajo el Proyecto descrito en el presente documento, que se emplee el resto para amortizar las armadas del Principal en el orden inverso a su vencimiento, el cual será deducido del monto del Préstamo.

SECCION 8.07 - Gastos de Cobranza.- Todos los costos razonables incurridos por la A.I.D. con excepción de los sueldos de su personal, en relación con la cobranza de cualquier devolución o en relación con sumas

adeudadas a la A.I.D. en razón de haber sucedido cualesquiera de los casos especificados en la Sección 8.02, podrán ser cobrados al Prestatario y reembolsados a la A.I.D. en la forma que la A.I.D. lo especifique.

SECCION 8.08 - Irrenunciabilidad.- Ninguna demora en el ejercicio de, u omisión en ejercer cualquier derecho, poder o recurso que le haya sido acordado a A.I.D. bajo este Convenio, será interpretada como una renuncia a cualesquiera de dichos derechos, poderes o recursos.

ARTICULO IXVarios

SECCION 9.01 - Comunicaciones.- Cualquier notificación, solicitud, documento u otra comunicación, que el Prestatario dé, haga o envíe a A.I.D., se hará por escrito o por telegrama, cable o radiograma y se considerará que ha sido debidamente dado, hecho o enviado a la parte a que está dirigido, cuando haya sido entregado a dicha parte personalmente o por correo, telegrama, cable o radiograma a las direcciones siguientes:

Al Prestatario:

Dirección Postal: Ministerio de Economía y Finanzas
Avenida Abancay s/n
Lima, Perú

Dirección Cablegráfica: MINECONOMIA
Lima, Perú

con copia a la
Dirección General de Crédito Pdiblico

A la Agencia Ejecutora:

Dirección Postal: Banco Agrario
Jirón Carabayá 543
Lima, Perú

Dirección Cablegráfica: AGROBANK
Lima, Perú

A la A.I.D.:

Dirección Postal: Misión A.I.D. de los Estados Unidos
a/c Embajada de los Estados Unidos
Lima, Perú

Dirección Cablegráfica: USAID, AmEmbassy
Lima, Perú

Se podrá cambiar las direcciones mencionadas arriba enviándose la notificación respectiva. Todas las notificaciones, solicitudes, comunicaciones y documentos que se presenten a A.I.D. bajo el presente documento serán en Castellano y harán referencia al "Préstamo 527-T-058", a menos que A.I.D. acuerde lo contrario.

SECCION 9.02 - Representantes.- Para todos los fines relacionados con este Convenio, el Prestatario será representado por la persona que ocupe el cargo o desempeñe interinamente el cargo de Ministro de Economía y Finanzas, la Agencia Ejecutora será representada por la persona que ocupe el cargo o desempeñe interinamente el cargo de Gerente General del Banco Agrario, y A.I.D. será representada por la persona que ocupe o desempeñe interinamente el cargo de Director de la Misión USAID en el Perú. Estos representantes tendrán la autoridad para designar representantes adicionales mediante notificación escrita. En el caso de que se reemplazaren a cualesquiera de dichos representantes o se nombraren a otros, el Prestatario deberá remitir una comunicación a A.I.D. en forma y contenido aceptables, indicando el nombre del representante y un facsímil de su firma. Mientras A.I.D. no reciba notificación escrita de la revocación de autoridad de cualesquiera de los representantes debidamente autorizados del Prestatario o de la Agencia Ejecutora designados de acuerdo con esta Sección, A.I.D. aceptará la firma de cualesquiera de dichos representantes en cualquier instrumento

como prueba concluyente de que cualquier acción que se derive de dicho instrumento está debidamente autorizada.

SECCION 9.03 - Cartas de Ejecución.- A.I.D. emitirá Cartas de Ejecución periódicamente mediante las cuales se delinearán los procedimientos que deberá seguir el Prestatario con relación a la implementación del presente Convenio.

SECCION 9.04 - Pagarés.- Cuando A.I.D. así solicite, el Prestatario emitirá pagarés o cualquier otro documento de deuda relacionado con este Préstamo en los términos y con los dictámenes legales que A.I.D. pudiere razonablemente solicitar.

SECCION 9.05 - Sucesores de los Derechos de A.I.D.- Si, de conformidad con alguna ley de los Estados Unidos o en virtud de algún nombramiento, cualquier corporación u otra agencia del Gobierno de los Estados Unidos sucediere a A.I.D. en los derechos y obligaciones contraídos por el presente Convenio, dicha agencia será considerada como A.I.D. para los fines del mismo.

SECCION 9.06 - Vigencia del Convenio.- El presente Covenio entrará en vigencia en el día, mes y año que se señala en la primera página de este Convenio.

SECCION 9.07 - Finalización del Convenio al Haberse Efectuado el Pago Total.- Una vez que el Prestatario haya pagado la totalidad del Principal y cualesquier intereses acumulados, el presente Convenio y

todas las obligaciones contraídas por el Prestatario y por A.I.D. se darán por terminados.

SECCION 9.08 - Idioma Determinante.- El presente Convenio de Préstamo se ejecuta en el idioma inglés y en el idioma castellano. En caso de ambigüedad o inconsistencia entre el texto en el idioma inglés y el texto en el idioma castellano, regirá la versión en el idioma inglés.

EN TESTIMONIO DE LO CUAL, la República del Perú y el Gobierno de los Estados Unidos, actuando a través de representantes debidamente autorizados, han suscrito en la fecha el presente Convenio.

LA REPUBLICA DEL PERU

ESTADOS UNIDOS DE AMERICA

Fernando Reus Salinas
Fernando Reus Salinas
Director General de Crédito Público
Ministerio de Economía y Finanzas

Robert W. Dean
Robert W. Dean
Embajador de los Estados Unidos de América

Edgardo Seoane Corrales
Ing° Edgardo Seoane Corrales
Presidente del Directorio
Banco Agrario del Perú

Donald R. Finberg
Donald R. Finberg
Director
Misión A.I.D. en el Perú

Harry Watson Higginson
Ing° Harry Watson Higginson
Gerente General
Banco Agrario del Perú

TIAS 8681

ANEXO I

A. Objetivo del Proyecto

El Proyecto está dirigido a brindar asistencia técnica y financiera a un máximo de 20 Centrales de Cooperativas Agrarias (Centrales) seleccionadas en el entendido de que con dicha acción se logrará contribuir a la consolidación y desarrollo de las mismas y de sus organizaciones agrarias de base; toda vez que las Centrales actúan como organismo de integración y proporcionan a sus bases los servicios que éstas requieren para la producción, comercialización e industrialización de sus productos, así como en lo que se refiere a prestación de servicios de capacitación y asistencia técnica, y administrativa.

En este sentido, el Proyecto persigue los objetivos siguientes:

1. Incrementar la capacidad de las Centrales seleccionadas para prestar los servicios necesarios a sus organizaciones miembros.
2. Incrementar la capacidad financiera y gerencial de estas Centrales.

B. Descripción del Proyecto

El Proyecto tendrá un costo total de 14.0 millones de dólares, de los cuales \$7.0 millones provienen del Préstamo de A.I.D. y \$7.0 millones de la contrapartida del Gobierno Peruano. Los tres componentes principales del Proyecto son los siguientes:

1. Utilización de los Fondos del Préstamo Consignados para AsistenciaTécnica

Los \$100,000 consignados en el Convenio de Préstamo para asistencia técnica estarán disponibles para la contratación de servicios profesionales

especializados que ni el Banco Agrario ni el Ministerio de Agricultura estén en posibilidad de suministrar. La contratación de estos técnicos será por períodos que no excedan de un año para proveer la asistencia técnica que se necesite para llevar a cabo un Diagnóstico de las Centrales, la selección de Centrales, la elaboración de los Términos de Referencia para los Planes de Desarrollo, y cualquier apoyo técnico en la programación, ejecución y evaluación del Proyecto. La contratación de los servicios seleccionados a finanziarse deberán contar con la aprobación del Banco Agrario y del Ministerio de Agricultura de acuerdo al o los convenios que al efecto celebren. Las referidas contrataciones contarán con la aprobación de A.I.D. salvo que por escrito, ésta disponga lo contrario.

2. Utilización de los Fondos del Préstamo Consignados para la Elaboración de los Planes de Desarrollo para las Centrales

\$1.0 millón de los fondos del Préstamo están destinados a la elaboración de los Planes de Desarrollo de acuerdo con los Términos de Referencia preparados por el Ministerio de Agricultura en coordinación con el Banco Agrario y aprobados por la A.I.D. Los fondos del Préstamo estarán disponibles para financiar la contratación de servicios profesionales independientes, ya sean firmas consultoras o personas individuales, que pueden incluir además de honorarios otros gastos que requiera la elaboración de dichos Planes de Desarrollo. La contratación de los servicios seleccionados a finanziarse bajo el Préstamo deberán contar con la aprobación del Banco Agrario y el Ministerio de Agricultura de acuerdo al o los convenios que al efecto celebren. Las referidas contrataciones

contarán con la aprobación de la A.I.D., salvo que por escrito, ésta disponga lo contrario. Los fondos del Préstamo no se utilizarán para financiar gastos administrativos regulares del Banco Agrario y del Ministerio de Agricultura, ni los salarios del personal que trabaja en los mismos, ya sean nombrados o contratados.

Los recursos financieros requeridos para preparar los Planes de Desarrollo así como los \$100,000 de Fondos del Préstamo asignados a Asistencia Técnica, no serán reembolsados por las Centrales y organizaciones miembros beneficiadas con el Proyecto.

3. Establecimiento del Fondo para el Desarrollo de Centrales

El Fondo para el Desarrollo de Centrales será establecido en el Banco Agrario con un capital total de \$12.9 millones que incluirá el saldo del Préstamo (\$5.9 millones) y los \$7.0 millones de contrapartida del Gobierno Peruano. Con los recursos del Préstamo destinados al Fondo se financiarán las inversiones y necesidades contempladas en los Planes de Desarrollo de las Centrales seleccionadas; financiación que incluirá:

- a. Sub-préstamos de capital operativo para financiar tanto costos iniciales como gastos operativos por un período que no excederá de un año.
- b. Créditos de mediano y largo plazo para financiar inversiones en activos fijos que permitan a las Centrales proveer a sus organizaciones miembros de insumos agrícolas, servicios de comercialización, contabilidad, mantenimiento y otros servicios.

c. Créditos de mediano y largo plazo para financiar inversiones en activos fijos para la ejecución de Proyectos agro-industriales.

Con los \$7.0 millones que constituye la contrapartida del Gobierno Peruano y que forma parte del Fondo, el Banco financiará los gastos operativos cíclicos (préstamos de sostenimiento y/o comercialización) de las Centrales y de sus organizaciones bases. El interés que se cobra sobre estos préstamos será al rebatir; y las tasas, las establecidas por el Banco para las empresas asociativas campesinas.

PERU

Improved Water and Land Use in the Sierra

*Agreement signed at Lima September 29, 1976;
Entered into force September 29, 1976.*

A.I.D. Loan No. 527-T-059

LOAN AGREEMENT

between

THE REPUBLIC OF PERU

and

THE UNITED STATES OF AMERICA

for

PROGRAM FOR IMPROVED WATER AND LAND USE

IN THE SIERRA

DATE: SEP 29 1976

TIAS 8682

LOAN AGREEMENT dated SEP 29 1976 between the Government of the Republic of Peru ("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 pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, [¹] an amount not to exceed eleven million United States Dollars (US.\$11,000,000) ("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 United States dollar costs ("Dollar Costs") and a portion of the local currency 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 will contribute to a program of improved water and land use in the sierra of Peru by financing the planning and implementation of small scale irrigation and drainage works and complementary afforestation in the watershed and bordering areas of the Mantaro River and the watersheds of the Crisnejas, Condebamba, and Cajamarca Rivers. Up to nine million one hundred thousand (US.\$9,100,000) dollars of Loan funds will be available to finance foreign and local currency costs of these activities. Up to nine hundred thousand dollars (US.\$900,000)

¹ 87 Stat. 715; 22 U.S.C. § 2151a.

of loan funds will finance a related program of technical assistance. The balance of one million dollars (US.\$1,000,000) of Loan funds will be available as contribution to a credit fund established to finance investments in land development and on-farm improvements under the Project.

The Borrower shall contribute to the financing of the Project the equivalent of ten million dollars (US.\$10,000,000) as national counterpart. Of this total the equivalent of eight million dollars (US.\$8,000,000) will be designated to finance the costs of implementation of the Project, including the planning and administrative costs, and the equivalent of two million dollars (US.\$2,000,000) will be designated for the credit fund.

The Borrower designates the Ministry of Agriculture as the Implementing Agency for the purpose of carrying out the Project as a "Special Project". The Borrower further designates the Agrarian Bank of Peru as Financial Agent for the purposes of administering the credit program under the Project. The Ministry of Agriculture, as Implementing Agency, will execute with the Agrarian Bank an agreement or agreements, as necessary, to coordinate their respective responsibilities in accordance with this Loan Agreement.

The Project is more fully described in the Annex I attached hereto, which Annex forms an integral part of this Agreement and may be modified in writing by mutual agreement of the parties.

SECTION 1.03 - Use of Funds Generated by Other United States

Assistance.— The Borrower shall use for the Project, in lieu of any United States dollars that would otherwise be disbursed under the Loan to finance the Local Currency Costs of the Project, Peruvian soles that may become available to the Borrower after the date of this Agreement in connection with assistance (other than the Loan) provided by the United States of America to the Borrower to the extent and for the purpose that A.I.D. and the Borrower may agree to in writing. Any such funds used for the Project shall reduce the amount of the Loan (to the extent that it shall not then have been disbursed) by an equivalent amount of United States dollars computed, as of the date of the agreement between A.I.D. and the Borrower as to the use of such funds, at that rate of exchange between United States dollars and Peruvian soles which yields the greatest number of soles per dollar and which is not unlawful in Peru.

ARTICLE II

Loan Terms

SECTION 2.01 - Interest.- The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 7.04) and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02 - Repayment.- The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (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 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 Agency for International Development, Washington D.C., 20523, Attention Cashier SER/CONT, and shall be deemed made when received by the Office of the Cashier.

SECTION 2.04 - Prepayment.- Upon payment of all interest, Principal, 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. an acceleration of the repayment of the Loan at any time or times as A.I.D. or the Borrower may request. The parties hereto shall mutually determine whether such an acceleration shall take place on the basis of the following criteria:

(i) The capacity of the Borrower to service a more rapid liquidation of its obligations in the light of the internal and external financial position of Peru, taking into account debts owing to any agency of the United States of America, or to any international organization of which the United States of America is a member; and

(ii) The relative capital requirements of the Borrower and of the other signatories of the Act of Bogotá [¹] and the Charter of Punta del Este. [²]

¹ Department of State Bulletin, Oct. 3, 1960, p. 537.

² Department of State Bulletin, Sept. 11, 1961, p. 463.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01 - Conditions Precedent to Initial Disbursement.- Prior to the first disbursement or to the issuance of any commitment document under the Loan, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

(a) An opinion or opinions of the Director General of the General Department of Legal Counsel of the Ministry of Economy and Finance, or of other counsel satisfactory to A.I.D., that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower, and that it constitutes a valid and binding obligation of the Borrower in accordance with all of its terms;

(b) Evidence of the authority of the person or persons who will act as representative or representatives of the Borrower pursuant to Section 9.02, together with a specimen signature of each such person duly certified as to its authenticity;

(c) Evidence that the Borrower's contribution to the Project will be available in a timely manner.

SECTION 3.02 - Conditions Precedent to Disbursement for Other Than Technical Assistance.- Prior to any disbursement or the issuance of any commitment documents under the Loan other than to finance technical assistance, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A Project Implementation Plan, containing, inter alia, a delineation of respective governmental agencies' responsibilities, provisions for adequate staffing, a description of procedures for approving sub-projects, and a plan for monitoring sub-project construction; and
- (b) A list of equipment and machinery required to implement sub-project construction.

SECTION 3.03 - Conditions Precedent to Disbursement for Sub-lending.-

Prior to any disbursement or the issuance of any commitment documents under the Loan for sub-lending, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D., evidence of the establishment of a fund for sub-lending for on-farm improvements.

SECTION 3.04 - Condition Precedent to Disbursement for Individual Sub-Project Construction.- Except as A.I.D. may otherwise agree in writing, prior to any disbursement or the issuance of any commitment document under the Loan to finance construction costs of each individual sub-project, the Borrower shall submit to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Economic-financial and technical feasibility studies for the individual sub-project which shall meet the sub-project selection criteria established in the Project Implementation Plan submitted in compliance with Section 3.02;
- (b) Engineering plans, specifications, and cost estimates for the sub-project; and

(c) A time-phased plan for construction and supervision of the sub-project.

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

(a) If all of the conditions specified in Section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall terminate.

(b) If all the conditions specified in Section 3.02 shall not have been met within one hundred twenty (120) days from the date of this Agreement or such later date as A.I.D., may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan in whole or in part or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payment in full, this Agreement and all obligations of the parties hereunder shall terminate.

(c) If all the conditions specified in Section 3.03 shall not have been met within eighteen (18) months from the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its

option, may cancel the amount of the Loan which is reserved, under Section 1.02, for the purposes of sub-lending for land development and on-farm investments.

SECTION 3.06 - Notification of Meeting Conditions Precedent to Disbursement.- A.I.D. shall notify the Borrower when the conditions precedent to disbursement specified in Sections 3.01, 3.02, and 3.03 of this Loan Agreement have been met.

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ARTICLE IV

General Covenants and WarrantiesSECTION 4.01 - Execution of the Project.-

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

SECTION 4.02 - Funds and Other Resources to be Provided by the Borrower.- The Borrower shall provide or cause to be provided promptly as needed all funds, in addition to the Loan, and all resources required for the punctual and effective carrying out of the Project, including but not limited to the contribution stated in Section 5.01 (a) of this Agreement.

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 organization, development, maintenance, execution, and evaluation 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 Peru. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the Republic of Peru, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan.

SECTION 4.06 - Utilization of Goods and Services.-

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

SECTION 4.08 - Commissions, Fees, and Other Payments.-

(a) Borrower warrants 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, the same shall be adjusted in a satisfactory manner.

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

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, both fiscal and qualitative, 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 five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.10 - Reports.- 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 - Inspection.- The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods, facilities, and services financed under the Loan, and the Borrower's 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 visits to areas related to the Project.

ARTICLE V.

Special Covenants and Warranties

SECTION 5.01 - Special Covenants and Warranties.— The Borrower covenants:

- (a) To provide as its contribution to the Project the equivalent of at least ten million United States dollars (US.\$10,000,000).
- (b) That no substantive changes will be made in the plans, rules, regulations, or other evidence submitted in response to Article III of this Loan Agreement without the written consent of A.I.D.
- (c) To review annually with A.I.D. the progress of the Project, and that approximately three years from the date of this Agreement such a review will measure the progress of the Project against the targets established in the Project Implementation Plan with a view to determining whether funds remaining uncommitted or undisbursed under the Loan at the time could reasonably be expected to be utilized within the remainder of the disbursement period.

ARTICLE VI

Procurement

SECTION 6.01 - Procurement from A.I.D. Code 941 Countries.- Except as A.I.D. may otherwise agree in writing, and except as provided in subsection 6.08 (c) of this Agreement 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 ("Code 941 Goods and Services"). Notwithstanding any other provisions herein, motor vehicles to be procured with Loan funds 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 Peru.- Except as A.I.D. may otherwise agree in writing disbursements made pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in Peru.

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 this 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 - Plans, Specifications, and Contracts.- Except as the Parties may otherwise agree in writing:

(a) The Borrower will furnish or cause to be furnished to A.I.D. upon preparation all plans, specifications, procurement or construction schedules, bid documents, and contracts, and any modifications therein, relating to goods and services to be financed under the Loan, and relating to goods and services which, though not financed under the Loan, are deemed by A.I.D. to be of major importance to the Project, as prescribed in Implementation Letters.

(b) All bid documents and documents related to the solicitations of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance.

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

(i) contracts for engineering and other professional services;

- (ii) contracts for construction services;
- (iii) contracts for such other services as A.I.D. may specify;
and
- (iv) contracts for such equipment and materials as A.I.D. may specify.

In the case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. prior to their becoming effective.

SECTION 6.07 - 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 6.08 - Shipping and Insurance.-

(a) A.I.D. Code 941 Goods financed under the Loan shall be transported to the Republic of Peru on flag carriers of the Republic of Peru or any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. 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.

(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 A.I.D. Code 941 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 Code 941 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 Code 941 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 Code 941 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.

(c) Marine insurance on Code 941 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 Peru 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, Peru, 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, Code 941 Goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk 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 Code 941 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 replacement 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 6.09 - 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 pursuant to Section 7.01, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 6.10 - United States Government-Owned Excess Property.- The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be accepted by the Borrower. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspections and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan.

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SECTION 6.11 - Information and Marking.- The Borrower shall give publicity to the Loan and the Project as a joint undertaking of the United States and Peru and shall identify the Project sites and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII

DisbursementsSECTION 7.01 - Disbursement for United States Dollar Costs -

Letter 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 Letter 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 - Disbursements for Local Currency Costs.- Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of Peruvian soles for local currency costs of goods and services procured or to be 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 in Peruvian soles owned by the U.S. Government and obtained by A.I.D. with United States dollars. The United States dollar equivalent of the Peruvian soles made available hereunder will be the amount of United States dollars required by A.I.D. to obtain the soles.

SECTION 7.03 - Other Forms of Disbursement.- Disbursement of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.04 - Date of Disbursement.- Disbursement 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 7.05 - 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 7.03 or amendment thereto, shall be issued in response to requests received by A.I.D. more than fifty-four (54) months after satisfaction of the conditions precedent in Section 3.01 under this Agreement and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 more than

sixty (60) months after satisfaction of the conditions precedent under Section 3.01 of the Agreement. A.I.D. at its option, may at any time, or times, after such sixty (60) months reduce the Loan by all or any part thereof for which documentation was not received by such date.

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ARTICLE VIII

Cancellation and Suspension

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

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

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project in the manner hereby agreed upon;
- (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, at its option, give to the Borrower notice that all or any part of the unpaid 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.- If any one of the following shall occur:

- (a) An Event of Default (according to Section 8.02);
- (b) An event that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) Any disbursement by A.I.D. which would be in violation of the legislation governing A.I.D.;
- (d) 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;
- (e) Satisfactory progress is not being made in carrying out all or any part of the Project in accordance with the terms of this Agreement;

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

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

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

(iii) decline to issue additional commitment documents;

(iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside Peru, are in a deliverable state and have not been offloaded in ports of entry of Peru. 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 disbursements 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 and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse 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 reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 8.08 - 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 communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable or radiogram at the following addresses:

To Borrower:

Mail Address: Ministerio de Economia y Finanzas
Avenida Abancay s/n
Lima, Peru

Cable Address: MINECONOMIA
Lima, Peru
with copy to
General Directorate of Public Credit

To Implementing Agency:

Mail Address: Ministerio de Agricultura
Avenida Salaverry s/n
Edificio del Ministerio
de Trabajo
Jesus Maria
Lima, Peru

Cable Address: MINAGRICULTURA
Lima, Peru
with copy to
The General Directorate of Water
Resources

To A.I.D.:

Mail Address: United States AID Mission to Peru
 c/o United States Embassy
 Lima, Peru

Cable Address: USAID, AmEmbassy
 Lima, Peru

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 may be in Spanish and shall refer to "Loan 527-T-059", except as A.I.D. may otherwise require in writing.

SECTION 9.02 - Representatives.- For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Minister of Economy and Finance, the Implementing Agency will be represented by the individual holding or acting in the office of the Minister of Agriculture, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID/Peru. Such representatives 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. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower or the Implementing Agency designated pursuant to this Section, it may accept the signature of any such representative or

representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

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

SECTION 9.04 - Promissory Notes.- At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidence 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 - Successors to Rights of A.I.D.- If by operation of any law of the United States, or by virtue of assignment, any corporate or other agency of the United States Government succeeds to the rights and obligations of A.I.D. under this Agreement, such agency shall be deemed to be A.I.D. for purposes of this Agreement.

SECTION 9.06 - Effective Date of Agreement.- This Agreement shall enter into effect on the day, month and year first above written.

SECTION 9.07 - 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.

SECTION 9.08 - Controlling Language.- The Loan Agreement is executed in both Spanish and English languages. In case of ambiguity or inconsistency between the English and Spanish versions, the English version shall control.

IN WITNESS WHEREOF, The Republic of Peru 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 REPUBLIC OF PERU

UNITED STATES OF AMERICA

Fernando Reus Salinas

Fernando Reus Salinas
Director General for Public Credit
Ministry of Economy and Finance

Robert W. Dean

Robert W. Dean
Ambassador of the
United States of America

Eduardo Correa Prado

Colonel Eduardo Correa Prado
Acting Director Superior
Ministry of Agriculture

Donald R. Finberg

Donald R. Finberg
Director of A.I.D.

ANNEX II. Description of the Project

The Project is designed to improve water and land use in the watershed of the Mantaro River and bordering areas, and the watersheds of the Crisnejas, Condebamba, and Cajamarca Rivers ("Project Areas") by financing the following activities: (1) the design and construction, using community labor when possible, of new small-scale irrigation and drainage networks and improvements to existing systems; (2) complementary afforestation of adjacent slopes to prevent erosion, to conserve water, and to protect irrigation structures; (3) sub-lending to participating farmers for investments in land development and on-farm improvements; (4) establishment of regional offices in the Project areas with sufficient technical and administrative support to provide continuing extension services in design and maintenance of irrigation systems and in water use; and (5) a program of technical assistance to provide advisory services to the Implementing Agency, to establish an extension service in water use to participating farmers, and to perform studies for use in watershed planning and project evaluation.

The Project will be directed and administered by the Borrower as a "Special Project" for which the Ministry of Agriculture is designated as Implementing Agency, to be represented by the General Directorate of Water Resources. The principal functions to be performed by the General Directorate of Water Resources will be those related to sub-project planning, including the identification, analysis, selection, and design of sub-projects, and sub-project implementation, including procurement of

machinery, equipment, and materials, construction, and technical supervision and guidance. The General Directorate of Water Resources through the Special Project, will be responsible for maintaining Project accounts for those funds for which it is responsible.

All sub-projects to be financed under the Project will be implemented in the Project Areas. Selection of individual sub-projects to be financed will be made by the General Directorate of Water Resources according to technical, economic, financial, and environmental criteria identified in the Project Implementation Plan submitted in compliance with Section 3.02 of the Loan Agreement. Sub-projects eligible for financing under the Project will be those of a technically non-complex nature which (a) can be designed by engineers on the staff of the General Directorate of Water Resources with minimal technical guidance from other sources, (b) can be constructed within a period of 36 months, and (c) maximizes utilization of locally available labor and materials. Responsibility for continuing operation and maintenance of the sub-projects will reside with the appropriate water users association in coordination with the regional and zonal technical staffs of relevant agencies of the Government of Peru, as needed.

To assist in sub-project implementation and to assure a source of continuing technical guidance in designing, constructing, and using irrigation systems, two regional offices ("Regional Project Offices") will be established under the Project. The staffing and operations plans for these offices will be mutually agreed upon by the Ministry of Agriculture and A.I.D.

The credit fund (the "Fund") to be established under the Project will be administered directly by the Agrarian Bank of Perú (the "Bank") as Financial Agent. The Fund will operate as a program within the Special Operations Fund in accordance with the Basic Law of the Bank and with procedures established in a written agreement between the Bank and the Ministry of Agriculture. Medium to long-term credit will be made available from this fund to farmers in the Project areas for investments in land development and on-farm improvements designed to maximize efficiency of water and land use. Specific sub-lending criteria, terms and conditions of sub-loans, and operational guidelines will be prepared by the Bank and agreed to in writing by the Ministry of Agriculture and by A.I.D.

The technical assistance program to be conducted under the Project will be carried out as "Contracted Studies" by utilizing Loan funds to contract with a consulting firm, a university, or other consulting agencies, and will comprise the following elements: (1) technical advisory services to the General Directorate of Water Resources in project planning, analysis, and implementation; (2) extension services to participating farmers in water use efficiency and irrigated agriculture; (3) basic research in irrigated agriculture and irrigated systems; (4) long- and short-term training for General Directorate of Water Resources staff; (5) equipment required for training and planning programs; and (6) watershed planning and evaluation studies.

The General Directorate of Water Resources will coordinate with the General Directorate of Forestry and Wildlife, the Agrarian Bank, the Agriculture and Food Zones, and other relevant entities for optimum Project implementation.

II. Project Financing

The total cost of the Project is estimated at \$21,000,000. Of this total, \$11,000,000 will be provided under the Loan, while the balance, or the equivalent of \$10,000,000 will be provided by the Government of Peru as its contribution to the Project.

Approximately \$13,700,000 of Project funds will be allocated to implement sub-projects in the planning and construction of irrigation and drainage works and in afforestation of adjacent slopes; an amount not to exceed \$300,000 of these funds shall be reserved to finance the expenses of such independent monitoring personnel as may be deemed necessary by A.I.D. Up to \$9,100,000 will be made available under the Loan to finance local and foreign currency costs of these activities. The balance, or the equivalent of approximately \$4,600,000, will be provided from the GOP contribution.

The credit fund to be established under the Project will be capitalized with up to \$1,000,000 of Loan funds and the equivalent of \$2,000,000 of GOP funds, or a total of \$3,000,000 in Project funds. Principal repayments will be returned to the Special Operations Fund and allocated to sub-lending for similar kinds of investments.

The technical assistance program will be financed with up to \$900,000 of Loan funds. Eligible costs under this program are those for technical services, training, equipment, and studies related to the Project. Limited procurement of motor vehicles for use by the Regional Project Offices may also be financed with these funds.

The balance of the total Project cost, or an estimated \$3,400,000, represents the costs of administering the Project, including personnel and local support, office facilities and materials, as well as a reserve fund from which to finance costs increases due to inflation. These costs will be financed from the GOP contribution.

Préstamo de A.I.D. No.527-T-059

CONVENIO DE PRESTAMO

entre

LA REPUBLICA DEL PERU

y

LOS ESTADOS UNIDOS DE AMERICA

para el

PROYECTO PARA MEJORAR EL USO

DE LOS RECURSOS DE AGUA Y TIERRA

EN LA SIERRA

FECHA: SEP 29 1976

CONVENIO DE PRESTAMO celebrado el SEP 29 1976 entre el
Gobierno de la República del Perú ("Prestatario") y los Estados Unidos
de América a través de la Agencia para el Desarrollo Internacional
("A.I.D.").

ARTICULO I

El Préstamo

SECCION 1.01 - El Préstamo.- A.I.D. conviene en prestar al Prestatario de conformidad con la Sección 103 de la Ley de Asistencia al Exterior de 1961, con sus respectivas enmiendas, una suma que no excederá a once millones de dólares estadounidenses (US \$11'000,000) ("Préstamo") para cooperar con el Prestatario en llevar a cabo la ejecución del Proyecto a que se hace referencia en la Sección 1.02 ("Proyecto"). El Préstamo se utilizará exclusivamente para financiar los costos en dólares estadounidenses ("Costos en Dólares") y parte de los costos en moneda local de bienes y servicios necesarios para el Proyecto ("Costos en Moneda Local"). El monto total de desembolsos efectuados bajo el Préstamo será denominado en adelante "Principal".

SECCION 1.02 - El Proyecto.- El Proyecto contribuirá con un programa destinado a mejorar el uso de los recursos de agua y tierra en la sierra del Perú mediante la financiación de la planificación y ejecución de trabajos de irrigación y drenaje en pequeña escala así como de la reforestación complementaria en las cuencas del Río Mantaro y zonas aledañas y las cuencas de los ríos Crisnejas, Condebamba, y

Cajamarca. De los fondos del Préstamo se dispondrá de un monto hasta por un total de nueve millones cien mil dólares (US.\$9,100,000) para financiar costos en moneda local y extranjera de estas actividades. Se dispondrá de un monto de hasta por un total de novecientos mil dólares (US.\$900,000) de los fondos del Préstamo para financiar un programa de asistencia técnica relacionada al Proyecto. El saldo de un millón de dólares (US.\$1'000,000) de los fondos del Préstamo estarán disponibles como una contribución a un fondo de crédito establecido para financiar inversiones en el desarrollo de tierras y mejoramiento parcelario bajo el Proyecto.

El Prestatario contribuirá a la financiación del Proyecto con el equivalente a los diez millones de dólares (US.\$10'000,000) de contrapartida nacional. De este total, se destinará el equivalente a los ocho millones de dólares (US.\$8'000,000) para financiar costos de implementación del Proyecto, así como los costos de planificación y administración, y se destinará el equivalente a los dos millones de dólares (US.\$2'000,000) para el fondo de crédito.

El Prestatario designa al Ministerio de Agricultura como Agencia Ejecutora a fin de realizar el Proyecto como un "Proyecto Especial". Además, el Prestatario designa al Banco Agrario del Perú como Agente Financiero a fin de administrar el fondo de crédito. El Ministerio de Agricultura, como Agencia Ejecutora, suscribirá con el Banco Agrario el o los convenios necesarios con el objeto de coordinar las

acciones que a cada uno corresponde de acuerdo con lo establecido en el presente Convenio de Préstamo.

El Proyecto está mas ampliamente descrito en el Anexo I adjunto al presente, el cual forma parte integral del presente Convenio y puede modificarse por escrito por mutuo acuerdo de las partes.

SECCION 1.03 - Uso de los Fondos Provenientes de Otras Fuentes de Asistencia de los Estados Unidos de América.— El Prestatario podrá utilizar para el Proyecto, en vez de los dólares estadounidenses que de otra manera serían desembolsados bajo el Préstamo para financiar los Costos en Moneda Local del Proyecto, soles peruanos que pudieran ser puestos a disposición del Prestatario después de la fecha de este Convenio, con relación a asistencia (que no sea del Préstamo) proporcionada al Prestatario por los Estados Unidos de América, en la medida y para los fines que A.I.D. y el Prestatario pudieran acordar por escrito. Cualesquiera de dichos fondos que se usen para el Proyecto, reducirán el monto del Préstamo (de aquella parte que hasta entonces no haya sido desembolsada) en una cantidad equivalente en dólares estadounidenses computada, en la fecha del Convenio entre A.I.D. y el Prestatario, en lo que se refiere al uso de dichos fondos al tipo de cambio entre dólares estadounidenses y soles peruanos que rinda el mayor número de soles por dólar y que no sea ilegal en el Perú.

ARTICULO II**Condiciones del Préstamo****SECCION 2.01 - Intereses.-** El Prestatario pagará a A.I.D.

intereses que se acumularán a una tasa del dos por ciento (2%) anual al rebatir durante los diez años siguientes a la fecha del primer desembolso efectuado bajo el Préstamo, y a una tasa del tres por ciento (3%) anual al rebatir de allí en adelante sobre el saldo pendiente del Principal y sobre cualquier interés vencido y no pagado. Los intereses sobre el saldo pendiente se acumularán a partir de la fecha en que se efectúe cada desembolso (según se define dicha fecha en la Sección 7.04) y se calculará sobre la base de un año de 365 días. Los intereses se pagarán semestralmente. El primer pago de intereses vencerá y será pagadero, a más tardar, a los seis (6) meses de haberse efectuado el primer desembolso bajo el Préstamo, en una fecha que será señalada por A.I.D.

SECCION 2.02 - Amortización.- El Prestatario amortizará el Principal a A.I.D. dentro de un periodo de cuarenta (40) años que se contará a partir de la fecha en que se efectúe el primer desembolso del Préstamo en sesenta y una (61) armadas semestrales y aproximadamente iguales del Principal e intereses. La primera armada del Principal será pagadera nueve y medio (9 1/2) años después de la fecha de vencimiento del primer pago de intereses de acuerdo con la Sección 2.01. A.I.D. proporcionará al Prestatario un calendario de amortización de

acuerdo con esta Sección, después de haberse efectuado el desembolso final bajo el Préstamo.

SECCION 2.03 - Destino, Moneda y Lugar de Pago.- Todos los pagos de intereses y Principal del Préstamo serán efectuados en dólares estadounidenses y serán destinados, en primer lugar, al pago de los intereses pendientes y luego a la amortización del Principal. A menos que A.I.D. especifique lo contrario por escrito, todos estos pagos serán efectuados a la Agencia para el Desarrollo Internacional, Washington D.C. 20523, Atención Cajero SER/CONT, y se considerarán por efectuados al ser recibidos por la Oficina del Cajero.

SECCION 2.04 - Pago por Adelantado.- Después de haber pagado los intereses, Principal y reembolsos vencidos, el Prestatario podrá pagar por adelantado, sin recargo alguno, todo o parte del Principal. Cualquier pago por adelantado de esta índole será aplicado a las armadas del Principal en el orden inverso a su vencimiento.

SECCION 2.05 - Re-negociación de las Condiciones del Préstamo.- El Prestatario conviene en negociar con A.I.D. la aceleración de la amortización del Préstamo en el momento que A.I.D. o el Prestatario lo solicite. Las partes contratantes determinarán mutuamente si tal aceleración deberá efectuarse en base al siguiente criterio:

- (i) La capacidad del Prestatario para liquidar más rápidamente sus obligaciones según la situación financiera interna y externa del

Perú, teniendo en cuenta las deudas contraídas con cualquier agencia de los Estados Unidos de América, o con cualquier organización internacional de la cual los Estados Unidos de América sea miembro; y

(ii) Los requerimientos relativos de capital del Prestatario y de los otros signatarios del Acta de Bogotá y de la Carta de Punta del Este.

ARTICULO III**Condiciones Precedentes al Desembolso****SECCION 3.01 - Condiciones Precedentes al Desembolso Inicial.-**

Antes de efectuar el primer desembolso o de emitirse cualquier documento de compromiso bajo el Préstamo, el Prestatario proporcionará a la A.I.D., en forma y contenido satisfactorio a la A.I.D. lo siguiente:

- (a) Una comunicación o comunicaciones emitida(s) por el Director General de la Dirección General de Asesoría Jurídica del Ministerio de Economía y Finanzas o por otro Asesor que A.I.D. considere aceptable, indicando que el presente Convenio ha sido debidamente autorizado o ratificado por, y ejecutado y emitido a nombre del Prestatario, y que constituye una obligación válida que legalmente compromete al Prestatario al cumplimiento de sus condiciones;
- (b) Testimonio de la autoridad de la(s) persona(s) que actuará(n) como representante(s) del Prestatario de conformidad con la Sección 9.02, junto con el facsímil de la firma de dicha(s) persona(s) debidamente certificada(s) en cuanto a su autenticidad;
- (c) Constancia de que el Prestatario dispondrá de recursos suficientes y oportunos para efectuar sus contribuciones al Proyecto.

SECCION 3.02 - Condiciones Precedentes al Desembolso de Fondos para Cualquier Fin que No Sea el de Asistencia Técnica.- Antes de efectuarse cualquier desembolso o la emisión de cualquier documento de compromiso bajo el Préstamo con otra finalidad que no sea para financiar

asistencia técnica, el Prestatario deberá enviar a la A.I.D., en forma y contenido satisfactorio a la A.I.D.:

(a) Un Plan de Ejecución del Proyecto, conteniendo, entre otras cosas, una descripción de las responsabilidades de las agencias gubernamentales respectivas, provisiones para contar con el personal administrativo adecuado, una descripción de los procedimientos para la aprobación de sub-proyectos, y un plan para la ejecución de la construcción de sub-proyectos; y

(b) Una lista del equipo y maquinaria requeridos para la ejecución de la construcción de sub-proyectos.

SECCION 3.03 - Condición Precedente al Desembolso de Fondos para Sub-Préstamos. - Antes de efectuarse cualquier desembolso o la emisión de cualquier documento de compromiso para sub-préstamos bajo el Préstamo, el Prestatario deberá remitir a la A.I.D., en forma y contenido satisfactorio a la A.I.D. constancia del establecimiento de un fondo para sub-préstamos para el mejoramiento parcelario.

SECCION 3.04 - Condición Precedente al Desembolso de Fondos para Construcción de Sub-Proyectos Individuales. - Excepto que A.I.D. apruebe lo contrario por escrito, antes de efectuarse cualquier desembolso o la emisión de cualquier documento de compromiso bajo el Préstamo para financiar costos de construcción de cada sub-proyecto individual, el Prestatario deberá enviar a la A.I.D., en forma y contenido satisfactorio a la A.I.D.:

- (a) Estudios de factibilidad económico-financieros y técnicos para el sub-proyecto individual, el cual deberá cumplir con los criterios de selección de sub-proyectos establecidos en el Plan de Ejecución del Proyecto, enviado en cumplimiento con la Sección 3.02;
- (b) Planos de ingeniería, especificaciones y estimados del costo del sub-proyecto; y
- (c) Una programación de la construcción y supervisión del sub-proyecto.

SECCION 3.05 - Fechas Finales para el Cumplimiento de las Condiciones

Precedentes al Desembolso.-

- (a) Si todas las condiciones especificadas en la Sección 3.01 no hubieren sido cumplidas dentro de los noventa (90) días posteriores a la fecha de este Convenio de Préstamo o en una fecha posterior que A.I.D. pudiere acordar por escrito, A.I.D., a su criterio, podrá dar por terminado este Convenio notificando por escrito al Prestatario. Al cursarse dicha notificación, el presente Convenio y todas las obligaciones contraídas por las partes contenidas en este Convenio se darán por terminadas.
- (b) Si todas las condiciones especificadas en la Sección 3.02 no hubieren sido cumplidas dentro de los ciento veinte (120) días posteriores a la fecha de este Convenio o en una fecha posterior que A.I.D. pudiere acordar por escrito, A.I.D. a su criterio, podrá cancelar el saldo no desembolsado hasta entonces del Préstamo en su totalidad o en parte o podrá dar por terminado este Convenio, cursando una notificación por

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escrito al Prestatario. En caso de terminación del Convenio, al recibir la notificación a tal efecto, el Prestatario deberá amortizar inmediatamente el Principal pendiente y deberá pagar cualquier monto de intereses devengados y al haberse cancelado la totalidad de dichos pagos, este Convenio y todas las obligaciones contraídas por las partes bajo el mismo habrán terminado.

(c) Si todas las condiciones especificadas en la Sección 3.03 no hubieren sido cumplidas dentro de los dieciocho (18) meses a partir de la fecha de este Convenio de Préstamo o en una fecha posterior que A.I.D. pueda aprobar por escrito, A.I.D., a su criterio, podrá cancelar la cantidad del Préstamo reservada, tal como se especifica en la Sección 1.02 con el fin de efectuar sub-préstamos para las inversiones en parcelas.

SECCION 3.06 - Notificación del Cumplimiento de las Condiciones

Precedentes al Desembolso.- A.I.D. notificará al Prestatario tan pronto como las condiciones precedentes al desembolso especificadas en las Secciones 3.01, 3.02 y 3.03 de este Convenio de Préstamo hayan sido cumplidas.

ARTICULO IV

Condiciones y Garantías GeneralesSECCION 4.01 - Ejecución del Proyecto.-

(a) El Prestatario se encargará de que el Proyecto se lleve a cabo, con la diligencia y eficiencia debidas y de acuerdo con prácticas financieras y administrativas generalmente aceptadas.

(b) El Prestatario se encargará de que el Proyecto se ejecute de conformidad con todos los planes, especificaciones, contratos, programas y demás condiciones, incluyendo todas las modificaciones hechas a los mismos, que hayan sido acordadas con A.I.D. de acuerdo con este Convenio.

SECCION 4.02 - Fondos y Otros Recursos que serán Proporcionados por el Prestatario.- El Prestatario proporcionará o se encargará de que se proporcione puntualmente a medida que se requieran todos los fondos, además de los del Préstamo, y todos los otros recursos que se requieran para la ejecución puntual y efectiva del Proyecto, incluyendo pero no limitándose a la contribución establecida en la Sección 5.01(a) de este Convenio.

SECCION 4.03 - Consulta Permanente.- El Prestatario y A.I.D. cooperarán plenamente para asegurar que se logren los objetivos del Préstamo. Para tal efecto, el Prestatario y A.I.D. periódicamente, a solicitud de cualquiera de las dos partes, intercambiarán opiniones a través de sus representantes, con respecto al progreso del Proyecto, el

cumplimiento de las obligaciones de este Convenio por ambas partes, y otros asuntos relacionados con el Proyecto.

SECCION 4.04 - Administración.- El Prestatario se encargará de que el Proyecto sea administrado por personal calificado y experimentado y se encargará de capacitar a dicho personal según sea conveniente para la buena organización, progreso, mantenimiento, ejecución, y evaluación del Proyecto.

SECCION 4.05 - Impuestos.- Este Convenio, el Préstamo y cualquier documento de deuda que se emita con relación a los mismos estarán exonerados de cualquier impuesto o contribución y el Principal y los intereses serán pagados sin deducción por concepto de impuestos o contribuciones establecidos por las leyes vigentes en la República del Perú. En los casos en que (a) cualquier contratista, incluyendo cualquier firma consultora, cualquier empleado de dicho contratista financiado bajo el Préstamo, y cualquier bien o transacción relacionados con dichos contratos y (b) cualquier transacción para la adquisición de bienes finanziados bajo este Préstamo, no estén exonerados de impuestos, tarifas, tasas, derechos y otras contribuciones identificables que se impongan de acuerdo con las leyes vigentes en el Perú, el Prestatario pagará o reembolsará los mismos, conforme à la Sección 4.02 de este Convenio, con fondos que no sean los proporcionados por A.I.D., bajo el Préstamo, de acuerdo con y en la medida señalada por las Cartas de Ejecución.

SECCION 4.06 - Utilización de los Bienes y Servicios.-

(a) Los bienes y servicios financiados bajo el Préstamo serán utilizados exclusivamente para el Proyecto, a menos que A.I.D. y el Prestatario aprueben lo contrario por escrito.

(b) A menos que A.I.D. apruebe lo contrario por escrito, ningún bien o servicio financiado bajo este Préstamo podrá utilizarse para promover o ayudar a un proyecto de ayuda extranjera o actividad asociada con/o financiada por cualquier país que no esté incluido en el Código Geográfico 935 de A.I.D., que se encuentre en vigencia al momento de dicho uso.

SECCION 4.07 - Declaración de Hechos y Sucesos Substanciales.-

El Prestatario declara y garantiza que todos los hechos y sucesos que ha presentado o ha hecho presentar a A.I.D. durante el proceso de gestión del Préstamo son exactos y completos y que ha presentado todos los hechos y sucesos que podrían afectar substancialmente al Proyecto y el cumplimiento de sus obligaciones bajo este Convenio. El Prestatario informará sin demora a A.I.D. sobre cualquier hecho o suceso que surja en adelante y afecte substancialmente el Proyecto o el cumplimiento de las obligaciones del Prestatario bajo este Convenio.

SECCION 4.08 - Comisiones, Honorarios y Otros Pagos.-

(a) El Prestatario declara que, durante el proceso de gestión del Préstamo o al tomar cualquier acción relacionada con este Convenio, no

ha pagado, no pagará, ni convendrá en pagar, ni que según su leal saber y entender, ninguna otra persona o entidad ha pagado, ni pagará, ni convendrá en pagar comisiones, honorarios u otros pagos de cualquier índole a menos que sean remuneraciones normales para los funcionarios y empleados a tiempo completo del Prestatario o remuneraciones de buena fe por servicios técnicos, profesionales o similares. El Prestatario informará, sin demora, a A.I.D. sobre cualquier pago o acuerdo para pagar dichos servicios técnicos, profesionales o similares de buena fe en los cuales participan o de los cuales tienen conocimiento (indicando si ya se efectuó dicho pago o se efectuará en forma eventual), y en el caso de que no se considere razonable el monto de un pago de esta índole, se modificará en una forma satisfactoria.

(b) El Prestatario declara que ni el Prestatario ni ninguno de sus funcionarios ha recibido o recibirá pagos relacionados con la adquisición de bienes y servicios financiados bajo el Préstamo, excepto los honorarios, impuestos o pagos similares establecidos de acuerdo con las leyes de la República del Perú.

SECCION 4.09 - Mantenimiento de Libros y Registros de Contabilidad y Auditoría.- El Prestatario llevará o hará llevar libros y registros relacionados con el Proyecto y con este Convenio de acuerdo con principios y procedimientos contables generalmente aceptados, los cuales serán aplicados en forma permanente. Dichos libros y registros mostrarán en forma adecuada, sin limitación alguna, lo siguiente:

- (a) la recepción y utilización de bienes y servicios adquiridos con fondos desembolsados de acuerdo con este Convenio;
- (b) la naturaleza y el alcance de las licitaciones que hayan sido convocadas para la adquisición de los bienes y servicios de los posibles proveedores;
- (c) las bases para el otorgamiento de contratos y pedidos para los postores favorecidos; y
- (d) el progreso, tanto financiero como cualitativo, del Proyecto.

Dichos libros y registros serán auditados con regularidad por auditores reconocidos por A.I.D. de acuerdo con normas y procedimientos de auditoría generalmente aceptados, por un período y con la frecuencia que señale A.I.D., y se mantendrán por cinco (5) años con posterioridad a la fecha que A.I.D. efectúe el último desembolso, o hasta que todas las sumas pendientes de pago a A.I.D. bajo este Convenio, hayan sido pagadas, dependiendo de cual de los dos hechos ocurra primero.

SECCION 4.10 - Informes.- El Prestatario proporcionará a A.I.D. los datos e informes sobre el Préstamo y el Proyecto que A.I.D. pudiera solicitar.

SECCION 4.11 - Inspecciones.- Los representantes autorizados de A.I.D. tendrán el derecho de inspeccionar en el momento que lo consideren oportuno, el Proyecto, la utilización de todos los bienes, las instalaciones, y servicios financiados bajo el Préstamo, así como los libros,

registros y otros documentos del Prestatario, o de sus agencias, relacionados con el Proyecto y el Préstamo. El Prestatario colaborará con A.I.D. para facilitar dichas inspecciones y visitas a las áreas relacionadas con el Proyecto.

ARTICULO V

Condiciones y Garantías Especiales

SECCION 5.01 - Condiciones y Garantías Especiales.- El Prestatario garantiza que:

- (a) Proveerá como su contribución al Proyecto el equivalente de por lo menos diez millones de dólares estadounidenses (US.\$.10,000,000);
- (b) No se efectuarán cambios sustanciales en los planes, normas, regulaciones u otras pruebas presentadas en cumplimiento del Artículo III de este Convenio de Préstamo, sin el consentimiento por escrito de A.I.D.;
- (c) Revisará anualmente con A.I.D. el progreso del Proyecto, y aproximadamente a los tres años contados a partir de la fecha de este Convenio dicha revisión permitirá medir el progreso del Proyecto con las metas establecidas en el Plan de Ejecución del mismo, con el propósito de determinar si sería razonable esperar que los fondos remanentes no comprometidos o sin desembolsar bajo el Préstamo en ese momento pudieran ser utilizados dentro del periodo de desembolso pendiente.

ARTICULO VI

AdquisicionesSECCION 6.01 - Adquisiciones en Países de la Lista Geográfica 941

de A.I.D..- A menos que A.I.D. acuerde lo contrario por escrito y excepto en aquellos casos estipulados en la Sub-Sección 6.08(c) del presente Convenio relativos al seguro marítimo, los desembolsos, que se efectúen de acuerdo con la Sección 7.01, serán empleados exclusivamente para financiar la adquisición para el Proyecto de bienes y Servicios cuyo lugar de procedencia y origen sean los países especificados en la Lista Geográfica 941 de A.I.D. que esté en vigencia en el momento en que se efectúen los pedidos y se celebren los contratos por dichos bienes y servicios ("Bienes y Servicios Adquiridos en Países de la Lista Geográfica 941 de A.I.D."). No obstante algunas otras disposiciones incluidas en el presente Convenio, los vehículos motorizados que se adquieran con los fondos del Préstamo deberán ser fabricados en los Estados Unidos de América. Todos los embarques marítimos financiados bajo el Préstamo tendrán su lugar de procedencia y origen en los países especificados en la Lista Geográfica 941 de la A.I.D. que esté en vigencia en el momento en que se efectúe el embarque.

SECCION 6.02 - Adquisiciones Efectuadas dentro del Perú.- A menos que A.I.D. acuerde lo contrario por escrito, los desembolsos que se efectúen de acuerdo con la Sección 7.02 serán empleados exclusivamente para financiar la adquisición para el Proyecto de bienes y servicios cuyo lugar de procedencia y origen sea el Perú.

SECCION 6.03 - Fechas Elegibles para las Adquisiciones.- A menos que A.I.D. apruebe lo contrario por escrito, no pueden ser financiados bajo el Préstamo aquellos bienes y servicios que sean adquiridos mediante pedidos y contratos efectuados o celebrados en forma definitiva antes de la fecha de este Convenio.

SECCION 6.04 - Bienes y Servicios no Financiados Bajo el Préstamo.- Los bienes y servicios adquiridos para este Proyecto, pero no financiados bajo el Préstamo, tendrán su procedencia y origen en los países incluidos en la Lista Geográfica 935 de la A.I.D. que esté en vigencia en el momento en que se hagan los pedidos por dichos bienes y servicios.

SECCION 6.05 - Ejecución de los Requerimientos sobre Adquisiciones.- Los requerimientos de elegibilidad aplicables a las adquisiciones estipuladas en las Secciones 6.01, 6.02 y 6.04, se definirán detalladamente en las Cartas de Ejecución.

SECCION 6.06 - Planes, Especificaciones y Contratos.- Excepto que las partes acuerden lo contrario por escrito:

(a) El Prestatario proporcionará o hará que se proporcione a A.I.D. tan pronto como estén preparados todos los planes, especificaciones, calendarios de adquisiciones ó calendarios de construcción, documentos de licitación, y contratos y cualquier modificación hecha a los mismos, referentes a bienes y servicios a ser financiados bajo el Préstamo, y referentes a bienes y servicios que, aunque no sean financiados bajo el Préstamo, A.I.D. los considera de mayor importancia para el Proyecto, tal como se define en Cartas de Ejecución.

(b) Todos los documentos de licitación y los documentos relacionados con las solicitudes de propuestas de bienes y servicios financiados bajo el Préstamo serán aprobados por A.I.D. por escrito antes de su emisión.

(c) Los siguientes contratos financiados bajo el Préstamo serán aprobados por A.I.D. por escrito antes de su ejecución:

- (i) contratos por servicios de ingeniería y otros servicios profesionales;
- (ii) contratos por servicios de construcción;
- (iii) contratos por otros servicios que A.I.D. especifique; y
- (iv) contratos por equipo y materiales que A.I.D. especifique.

En todos los contratos por servicios mencionados arriba, y financiados también bajo el Préstamo, A.I.D. también aprobará por escrito el del contratista y su personal. Igualmente cualquier modificación substancial que se haga en dichos contratos, o cualquier cambio de personal serán aprobados por A.I.D. por escrito antes de que entren en vigencia.

SECCION 6.07 - Precios Razonables.- Se pagará sólo precios razonables por bienes o servicios financiados, en su totalidad o en parte, bajo el Préstamo, según se describa más detalladamente en las Cartas de Ejecución. Dichos bienes y servicios serán adquiridos en una

forma justa y, con excepción de servicios profesionales, sobre una base competitiva de acuerdo con los procedimientos establecidos para este fin en las Cartas de Ejecución.

SECCION 6.08 - Transporte y Seguros.-

(a) Los bienes adquiridos en Países de la Lista Geográfica 941 de A.I.D. y financiados bajo el Préstamo serán transportados a la República del Perú por barcos que lleven bandera de la República del Perú o de cualquier otro país incluido en la Lista Geográfica 935 de A.I.D. que esté en vigencia en el momento del embarque. Ninguno de dichos bienes podrá ser transportado en barco (o avión) (i) que A.I.D. en una nota al Prestatario haya señalado como inelegible para transportar bienes financiados por la A.I.D. o (ii) que haya sido fletado para el transporte de bienes financiados por A.I.D. a menos que dicho flete haya sido aprobado por A.I.D.

(b) A menos que A.I.D. determine que no existen barcos comerciales de propiedad privada y bandera de los Estados Unidos disponibles que ofrezcan tarifas justas y razonables:

(i) por los menos el cincuenta por ciento (50%) del tonelaje bruto de todos los bienes adquiridos en Países de la Lista Geográfica 941 de A.I.D. y financiados bajo el Préstamo y transportados en barcos desde puertos de los Estados Unidos de América (computados separadamente los barcos de carga seca a granel, los barcos de carga seca, y los barcos tanque), deberán ser transportados por barcos comerciales de propiedad

privada y de bandera de los Estados Unidos de América, y por lo menos el cincuenta por ciento (50%) de la renta bruta proveniente del flete generado por todos los embarques de bienes de Países de la Lista Geográfica 941 de A.I.D. financiados bajo el Préstamo y transportados por barcos de carga seca de puertos de los Estados Unidos, será pagada a/o en beneficio de barcos comerciales de propiedad privada y de bandera estadounidense;

(ii) por lo menos el cincuenta por ciento (50%) del tonelaje bruto de todos los bienes adquiridos en Países de la Lista Geográfica 941 financiados bajo el Préstamo y transportados por mar, de puertos que no sean de los Estados Unidos (computados separadamente los barcos de carga seca a granel, los barcos de carga seca, y los barcos tanque) deberán ser transportados por barcos comerciales de propiedad privada y de bandera estadounidense y por lo menos cincuenta por ciento (50%) de la renta proveniente del flete bruto generado por embarques marítimos de bienes de Países de la Lista Geográfica 941 financiados bajo el Préstamo y transportados en barcos de carga seca de puertos que no sean de los Estados Unidos, se abonará a/o en beneficio de barcos comerciales de propiedad privada y de bandera estadounidense.

(c) El seguro marítimo para bienes adquiridos en los Países de la Lista Geográfica 941 de A.I.D. puede ser financiado bajo el Préstamo con desembolsos efectuados de acuerdo con la Sección 7.01, siempre y cuando (i) el costo del seguro sea el más bajo que se pueda conseguir competitivamente en el Perú o en un país incluido en la Lista Geográfica 941, y

que esté en vigencia en el momento en que se contrate dicho servicio, y
(ii) los reclamos bajo dicho seguro sean pagaderos en una moneda de libre
convertibilidad. Si, en relación con la colocación del seguro marítimo
para embarques financiados con fondos proporcionados bajo la legislación
de los Estados Unidos que autoriza el otorgamiento de asistencia a otros
países, la República del Perú, mediante un estatuto, decreto, reglamento
u ordenanza, favoreciera a cualquier compañía de seguros marítimos de
cualquier país en perjuicio de cualquier compañía de seguros marítimos
autorizada para operar en cualquier estado de los Estados Unidos de
América, los bienes adquiridos con fondos del Préstamo en Países de la
Lista Geográfica 941 de A.I.D., mientras dure dicha discriminación, serán
asegurados en los Estados Unidos de América contra riesgos marítimos por
una compañía de seguros o compañías autorizadas para realizar servicios
de corretaje de seguros marítimos en cualquier estado de los Estados
Unidos de América.

(d) El Prestatario asegurará, o hará asegurar, todos los bienes
adquiridos en Países de la Lista Geográfica 941 de A.I.D. y financiados
bajo el Préstamo contra los riesgos que se corran en transportarlos al
lugar donde se usarán en el Proyecto. Dicho seguro se contratará en
condiciones conformes con prácticas comerciales generalmente aceptadas,
asegurará el valor total de los bienes, y será pagadero en la moneda
en que dichos bienes fueron financiados o en cualquier moneda de libre
convertibilidad. Cualquier indemnización recibida por el Prestatario

bajo dicho seguro se utilizará para reemplazar o reparar cualquier daño material o pérdida de los bienes asegurados o para reembolsar al Prestatario para reemplazar o para reparar dichos bienes. Cualquier reemplazo de esta índole tendrá su procedencia y origen en los países especificados en la Lista Geográfica 941 de A.I.D. que esté en vigencia en el momento en que se hagan los pedidos o contratos para dichos reemplazos, y además, estará sujeto a las disposiciones de este Convenio.

SECCION 6.09 - Notificación a los Posibles Abastecedores.- Para que todas las firmas estadounidenses puedan tener la oportunidad de proveer los bienes y servicios financiados bajo el Préstamo según la Sección 7.01, el Prestatario proporcionará a A.I.D. aquellos datos relacionados con los mismos y en aquellas ocasiones que A.I.D. solicite en las Cartas de Ejecución.

SECCION 6.10 - Bienes Excedentes de Propiedad del Gobierno de los Estados Unidos de América.- El Prestatario, en relación con los bienes financiados bajo el Préstamo que se convierten en propiedad del Prestatario al momento de ser adquiridos, utilizará los Bienes Excedentes reacondicionados de propiedad del Gobierno de los Estados Unidos de América que estén de acuerdo con los requerimientos del Proyecto y que hayan sido aceptados por el Prestatario. El Prestatario solicitará la asistencia de A.I.D. y A.I.D. asistirá al Prestatario en determinar si dichos Bienes Excedentes están disponibles y a conseguirlos. A.I.D. tomará las medidas para que el Prestatario o sus representantes puedan inspeccionar dichos

bienes si fuera necesario. El costo de la inspección y la adquisición y todos los gastos involucrados en transportar dichos Bienes Excedentes, podrán ser financiados bajo el Préstamo.

SECCION 6.11 - Publicidad y Requerimientos de Marca.- El Prestatario dará publicidad al Préstamo y al Proyecto como un programa en conjunto del Gobierno de los Estados Unidos de América y el Gobierno del Perú y deberá identificar los lugares del Proyecto y marcará los bienes financiados bajo el Préstamo, según lo estipulado en las Cartas de Ejecución.

ARTICULO VII

DesembolsosSECCION 7.01 - Desembolsos por Costos en Dólares Estadounidenses.Cartas de Compromiso para Bancos en los Estados Unidos de América.-

Al cumplir satisfactoriamente con las condiciones precedentes, el Prestatario podrá periódicamente cuando sea necesario, solicitar a A.I.D. que expida Cartas de Compromiso por montos específicos a favor de uno o más bancos en los Estados Unidos, que A.I.D. considere aceptables, por las cuales A.I.D. se compromete a reembolsar a dicho banco o bancos por los pagos que haya(n) efectuado a favor de contratistas o abastecedores mediante el uso de Cartas de Crédito ó otros documentos para sufragar los costos en dólares de bienes y servicios adquiridos para el Proyecto de acuerdo con las condiciones de este Convenio. El pago que el banco haga al contratista o abastecedor será efectuado al ser presentada la documentación sustentatoria estipulada por A.I.D. en las Cartas de Compromiso y las Cartas de Ejecución. Los gastos bancarios de los bancos de los Estados Unidos, incurridos en relación con las Cartas de Compromiso y las Cartas de Crédito correrán por cuenta del Prestatario y podrán ser financiados bajo el Préstamo.

SECCION 7.02 - Desembolsos por Costos en Moneda Local.- Al cumplir satisfactoriamente con las condiciones precedentes, el Prestatario puede, periódicamente, solicitar que A.I.D. desembolse soles peruanos para sufragar los costos en moneda local de bienes y servicios adquiridos o para

ser adquiridos para este Proyecto de acuerdo con las condiciones de este Convenio, presentando a A.I.D. la documentación sustentatoria, según lo estipule A.I.D. en las Cartas de Ejecución. A.I.D. hará dichos desembolsos de los soles peruanos de que dispone el Gobierno de los Estados Unidos y que A.I.D. obtiene cambiando dólares estadounidenses. El equivalente en dólares estadounidenses de los soles peruanos que se proporcionan bajo esta Sección será la cantidad de dólares estadounidenses que A.I.D. necesitará para obtener los soles peruanos.

SECCION 7.03 - Otras Formas de Desembolsos.- Los desembolsos del Préstamo pueden ser efectuados en cualquier otra forma que el Prestatario y A.I.D. pudieran acordar por escrito.

SECCION 7.04 - Fecha de Desembolso.- Se considerará que A.I.D. habrá efectuado desembolsos (a) en el caso de que se hagan desembolsos de acuerdo con la Sección 7.01, en la fecha en que A.I.D. efectúe un desembolso a favor del Prestatario, de la persona o entidad designada por él o de una entidad bancaria de acuerdo con una Carta de Compromiso, y (b) en el caso de que se haga desembolsos de acuerdo con la Sección 7.02, en la fecha en que A.I.D. desembolse moneda local a favor del Prestatario o de la persona o entidad designada por él.

SECCION 7.05 - Fecha Final de Desembolsos.- A menos que A.I.D. apruebe lo contrario por escrito, no se expedirá ninguna Carta de Compromiso ni ningún otro documento de compromiso que se pudiera

requerir mediante alguna otra forma de desembolso de acuerdo con la Sección 7.03 o una modificación a la misma, en relación con solicitudes recibidas por A.I.D. con posterioridad a los cincuentacuatro (54) meses del cumplimiento de las condiciones precedentes especificadas en la Sección 3.01 bajo este Convenio, y no se efectuará ningún desembolso en relación con documentos recibidos por A.I.D., o cualquier banco según se estipula en la Sección 7.01 con posterioridad a los sesenta (60) meses del cumplimiento de las condiciones precedentes especificadas en la Sección 3.01 bajo este Convenio. A.I.D. a su criterio, podrá en cualquier momento o momentos después de dichos sesenta (60) meses reducir el Préstamo en su totalidad o en aquella parte del mismo para la cual no se hubiera recibido documentación hasta la fecha indicada.

ARTICULO VIII

Cancelación y SuspensiónSECCION 8.01 - Cancelación por el Prestatario.— El Prestatario

puede, previa aprobación por escrito de A.I.D., e informando a A.I.D. por escrito, desistir de recibir cualquier parte del Préstamo (i) para la cual A.I.D. antes de recibir dicha notificación no hubiera efectuado desembolsos ni se hubiera comprometido a efectuar desembolsos; o (ii) la cual no hubiera sido utilizada mediante la emisión de Cartas de Crédito irrevocables o mediante pagos efectuados a través de bancos por otros medios que no sean Cartas de Crédito irrevocables.

SECCION 8.02 - Casos de Incumplimiento; Aceleración.— Si uno o más de los siguientes casos ("Casos de Incumplimiento") ocurriera:

- (a) El Prestatario no hubiera pagado a la fecha de vencimiento, cualquier interés o cualquier armada del Principal, que estén estipulados en este Convenio;
- (b) El Prestatario no cumpliera con cualquier otra disposición de este Convenio, incluyendo, pero no limitándose a, la obligación de llevar a cabo el Proyecto en la forma acordada bajo este Convenio;
- (c) El Prestatario no cumpliera con pagar, en la fecha de vencimiento cualquier monto de interés, o cualquier armada del Principal o cualquier otro pago estipulado por cualquier otro convenio de préstamo, cualquier otro convenio celebrado entre el Prestatario o

cualesquiera de sus agencias y A.I.D. o cualesquiera de las agencias que le precedieron.:

Entonces A.I.D. puede, a su criterio, notificar al Prestatario que la totalidad o cualquier parte del Principal no reembolsado vencerá y será pagadera dentro de sesenta (60) días contados a partir de la fecha de dicha notificación, y a menos que el Caso de Incumplimiento sea subsanado dentro de dicho plazo de sesenta (60) días:

- (i) el Principal no reembolsado y los intereses acumulados bajo este Préstamo vencerán y serán pagaderos inmediatamente; y
- (ii) el monto de otros desembolsos adicionales, cualesquiera que sean, efectuados en cumplimiento de Cartas de Crédito irrevocables pendientes, u otros documentos, vencerá y será pagadero tan pronto como se efectúen dichos desembolsos.

SECCION 8.03 - Suspensión de Desembolsos.- En el caso de que ocurra cualesquiera de los siguientes hechos:

- (a) Un Caso de Incumplimiento, (según Sección 8.02);
- (b) Un acontecimiento que según A.I.D. constituya una situación extraordinaria que haga improbable de que se logre el objetivo del Préstamo o que el Prestatario pueda llevar a cabo las obligaciones que ha contraído bajo este Convenio;
- (c) Cualquier desembolso efectuado por A.I.D. que constituya una violación de la legislación que gobierna a la A.I.D.;

(d) El Prestatario no hubiera cumplido con pagar, a su vencimiento cualquier monto de intereses, o cualquier arriendo del Principal o cualquier otro pago que esté estipulado por cualquier otro convenio celebrado entre el Prestatario o cualesquiera de sus agencias y el Gobierno de los Estados Unidos de América o cualesquiera de sus agencias;

(e) No se estuviera logrando un progreso satisfactorio en la ejecución de todo o cualquier parte del Proyecto de conformidad con los términos del presente Convenio.

Entonces A.I.D. podrá a su criterio:

(i) suspender o cancelar los documentos de compromiso pendientes cuando no hayan sido utilizados mediante la emisión de Cartas de Crédito irrevocables o mediante pagos efectuados a través de bancos y en forma que no sean Cartas de Crédito irrevocables, en cuyo caso A.I.D. dará aviso inmediato al Prestatario;

(ii) negarse a hacer desembolsos con excepción de aquellos en cumplimiento de documentos de compromiso pendientes;

(iii) negarse a expedir documentos de compromiso adicionales;

(iv) por cuenta de A.I.D., disponer que los títulos de propiedad de los bienes financiados bajo el Préstamo sean transferidos a nombre de A.I.D. si los bienes procedieran de un país que no fuera el Perú y estuvieran en condiciones para ser entregados y no hubieran sido desembarcados en puertos de entrada del Perú. Cualquier desembolso que se hiciera o fuera hacerse bajo el Préstamo en relación con los bienes transferidos en esta forma será deducido del Principal.

SECCION 8.04 - Cancelación por A.I.D.- Después de cualquier suspensión de desembolsos de acuerdo con la Sección 8.03, si la causa o las causas de dicha suspensión de desembolsos no hubieran sido eliminadas o corregidas dentro del plazo de sesenta (60) días, a partir de la fecha en que empezó la suspensión, A.I.D. podrá, a su criterio, en cualquier momento o en cualesquiera momentos de allí en adelante, cancelar la totalidad o cualquier parte del Préstamo que en aquel entonces no haya sido desembolsado o no esté sujeto a Cartas de Crédito irrevocables.

SECCION 8.05 - Vigencia del Convenio.- A pesar de cualquier cancelación o suspensión de desembolso o aceleración del reembolso, las disposiciones de este Convenio seguirán teniendo plena vigencia hasta que todo el Principal y los intereses acumulados bajo este Préstamo hayan sido pagados por completo.

SECCION 8.06 - Devoluciones.-

(a) En el caso de que hubiera cualquier desembolso que no estuviera sustentado por documentación válida de conformidad con las condiciones de este Convenio, o que hubiera un desembolso no efectuado o utilizado de acuerdo con las condiciones de este Convenio, no obstante, que este Convenio contiene otras disposiciones o facultades que puedan ser aplicadas a la solución de dicha situación, A.I.D. puede solicitar al Prestatario que le reembolse dicha suma en dólares estadounidenses dentro de un plazo de treinta (30) días después de haber recibido la solicitud de dicha

devolución. Dicha suma será utilizada, en primer lugar, para sufragar el costo de los bienes y servicios adquiridos para el Proyecto bajo el Préstamo, por un monto justificado; el saldo, si lo hubiera, será aplicado a las armadas del Principal en el orden inverso a su vencimiento, y será deducido del monto del Préstamo. A pesar de cualquier otra disposición de este Convenio, A.I.D. seguirá teniendo el derecho a que se le reembolse cualquier desembolso efectuado bajo el Préstamo durante un periodo de cinco (5) años después de la fecha en que se efectuó dicho desembolso.

(b) En el caso de que A.I.D. recibiera una devolución de un contratista, abastecedor, entidad bancaria, o de cualquier tercero relacionado con el Préstamo con respecto a bienes o servicios financiados bajo el Préstamo y de que dicha devolución estuviera relacionada con un precio no razonable que haya sido pagado por bienes o servicios, o con bienes que no estuvieran conformes con las especificaciones o con bienes y servicios que fueran inadecuados, A.I.D. en la medida que se justifique dispondrá que, en primer lugar, se utilice dicho reembolso para sufragar el costo de bienes y servicios adquiridos bajo el Proyecto descrito en el presente documento, que se emplee el resto para amortizar las armadas del Principal en el orden inverso a su vencimiento, el cual será deducido del monto del Préstamo.

SECCION 8.07 - Gastos de Cobranza.- Todos los costos razonables incurridos por A.I.D. con excepción de los sueldos de su personal, en relación con la cobranza de cualquier devolución o en relación con sumas adeudadas a A.I.D. en razón de haber sucedido cualesquiera de los casos especificados en la Sección 8.02, podrán ser cobrados al Prestatario y reembolsados a A.I.D. en la forma que A.I.D. lo especifique.

SECCION 8.08 - Irrenunciabilidad.- Ninguna demora en el ejercicio de, u omisión en ejercer cualquier derecho, poder o recurso que le haya sido acordado a A.I.D. bajo este Convenio, será interpretada como una renuncia a cualesquiera de dichos derechos, poderes o recursos.

ARTICULO IX

Varios

SECCION 9.01 - Comunicaciones.- Cualquier notificación, solicitado, documento u otra comunicación, que el Prestatario o A.I.D. dé, haga, o envíe de conformidad con este Convenio, se hará por escrito o por telegrama, cable o radiograma y se considerará que ha sido debidamente dado, hecho o enviado a la parte a que está dirigido cuando haya sido entregado a dicha parte personalmente o por correo, telegrama, cable o radiograma a las direcciones siguientes:

Al Prestatario:

Dirección Postal:	Ministerio de Economía y Finanzas Avenida Abancay s/n Lima, Perú
Dirección Cablegráfica:	MINECONOMIA Lima, Perú con copia a la Dirección General de Crédito Público

A la Agencia Ejecutora:

Dirección Postal:	Ministerio de Agricultura Avenida Salaverry s/n Edificio del Ministerio de Trabajo Jesús María Lima, Perú
Dirección Cablegráfica:	MINAGRICULTURA Lima, Perú con copia a la Dirección General de Aguas

A.1a A.I.D.:

Dirección Postal: Misión A.I.D. de los Estados Unidos en el Perú
a/c Embajada de los Estados Unidos
Lima, Perú

Dirección Cablegráfica: USAID
AMEMBASSY
Lima, Perú

Se podrá cambiar las direcciones mencionadas arriba enviándose la notificación respectiva. A menos que A.I.D. apruebe lo contrario por escrito, todas las notificaciones, solicitudes, comunicaciones y documentos que se presenten a A.I.D. bajo el presente documento serán en Castellano y harán referencia al "Préstamo 527-T-059".

SECCION 9.02 - Representantes.- Para todos los fines relacionados con este Convenio, el Prestatario será representado por la persona que ocupe el cargo o desempeñe interinamente el cargo de Ministro de Economía y Finanzas, la Agencia Ejecutora será representada por la persona que ocupe el cargo o desempeñe interinamente el cargo de Ministro de Agricultura, y A.I.D. será representada por la persona que ocupe el cargo o desempeñe interinamente el cargo de Director de USAID/Perú. Estos representantes tendrán la autoridad para designar representantes adicionales mediante notificación escrita. En el caso de que se reemplazara cualesquier de dichos representantes o de que se nombraran representantes adicionales para los fines del presente documento, el Prestatario deberá remitir una comunicación a A.I.D. en forma y contenido aceptables,

indicando el nombre del representante y un facsímil de su firma. Mientras A.I.D. no reciba notificación escrita de la revocación de la autoridad de cualesquiera de los representantes debidamente autorizados del Prestatario o de la Agencia Ejecutora designados de acuerdo con esta Sección, A.I.D. aceptará la firma de cualesquiera de dichos representantes en cualquier instrumento como prueba concluyente de que cualquier acción, que se derive de dicho instrumento está debidamente autorizada.

SECCION 9.03 - Cartas de Ejecución.- A.I.D. emitirá Cartas de Ejecución periódicamente mediante las cuales se delinearán los procedimientos que deberá seguir el Prestatario con relación a la implementación del presente Convenio.

SECCION 9.04 - Pagarés.- Cuando A.I.D. así lo solicite, el Prestatario emitirá pagarés o cualquier otro documento de deuda relacionado con este Préstamo en los términos y con los dictámenes legales que A.I.D. pudiera razonablemente solicitar.

SECCION 9.05 - Sucesores de los Derechos de A.I.D.- Si, de conformidad con alguna ley de los Estados Unidos o en virtud de algún nombramiento, cualquier corporación u otra agencia del Gobierno de los Estados Unidos sucediere a A.I.D. en los derechos y obligaciones contraídos por el presente Convenio, dicha agencia será considerada como A.I.D. para los fines del mismo.

SECCION 9.06 - Vigencia del Convenio.- El presente Convenio entra-rá en vigencia en el día, mes y año que se señala en la primera página de este Convenio.

SECCION 9.07 - Finalización del Convenio al ser Efectuado el Pago Total.- Una vez que el Prestatario haya pagado la totalidad del Principal y cualesquier intereses acumulados, el presente Convenio y todas las obligaciones contraídas por el Prestatario y A.I.D. bajo este Convenio de Préstamo se darán por terminados.

SECCION 9.08 - Idioma Determinante.- El presente Convenio de Prestamo se celebra en el idioma castellano y en el idioma inglés. En caso de hallarse términos ambiguos o inconsistentes entre el texto en el idioma inglés y el texto en el idioma castellano, regirá la versión en el idioma inglés.

EN TESTIMONIO DE LO CUAL, la República del Perú y el Gobierno de los Estados Unidos de América, cada uno actuando a través de sus representantes debidamente autorizados, han suscrito en la fecha el presente Convenio.

LA REPUBLICA DEL PERU

ESTADOS UNIDOS DE AMERICA

Fernando Reus Salinas

Fernando Reus Salinas
Director General de Crédito Público
Ministerio de Economía y Finanzas

Robert W. Dean

Robert W. Dean.
Embajador de los Estados Unidos de América

Eduardo Correa Prado

Coronel E.P.
Eduardo Correa Prado
Director Superior a.i.
Ministerio de Agricultura

Donald R. Finberg

Donald R. Finberg
Director
Misión A.I.D. en el Perú

ANEXO II. Descripción del Proyecto

El Proyecto está destinado a lograr el mejoramiento del uso de los recursos de agua y tierra en las cuencas del Río Mantaro y zonas aledañas y las cuencas de los Ríos Crisnejas, Condebamba, y Cajamarca ("Areas del Proyecto") para lo cual se financiará las siguientes actividades: (1) el diseño y construcción, usando en lo posible la mano de obra comunitaria, de nuevas redes de irrigación y drenaje a pequeña escala y mejoras de los sistemas de irrigación existentes; (2) la reforestación complementaria de laderas adyacentes para prevenir la erosión, conservar el agua, y proteger las estructuras de irrigación; (3) sub-préstamos a agricultores participantes destinados a inversiones con el fin de fomentar el desarrollo de la tierra y el mejoramiento parcelario; (4) el establecimiento de oficinas regionales en las áreas del Proyecto con suficiente apoyo técnico y administrativo como para proporcionar servicios de extensión continuados en el diseño y mantenimiento de sistemas de irrigación y en el uso de aguas; y (5) un programa de asistencia técnica a través del cual se asesore a la Agencia Ejecutora para que pueda ofrecer servicios de extensión en el uso de aguas a los agricultores participantes, y realizar estudios a ser utilizados en la planificación de cuencas y evaluación de proyectos.

El Proyecto será dirigido y administrado por el Prestatario como un "Proyecto Especial" designándose al Ministerio de Agricultura como Agencia Ejecutora a través de la Dirección General de Aguas. Las principales funciones a ser desempeñadas por la Dirección General de Aguas serán aquellas relacionadas con la planificación de sub-proyectos, incluyendo identificación, análisis, selección y diseño de los mismos; y con la ejecución de sub-proyectos, incluyendo la adquisición de maquinaria, equipo y materiales, construcción y supervisión y orientación técnica. La Dirección General de Aguas a través del Proyecto Especial será responsable del mantenimiento de las cuentas del Proyecto en la parte que le corresponde.

Todos los sub-proyectos a finanziarse mediante el Proyecto serán implementados en las Areas del Proyecto. La selección de sub-proyectos individuales será realizada por la Dirección General de Aguas conforme a criterios técnicos, económico-financieros, ambientales y sociales identificados en el Plan de Ejecución del Proyecto a remitirse en cumplimiento de la Sección 3.02 del Convenio de Préstamo. Los sub-proyectos elegibles para financiación bajo el Proyecto serán aquellos de naturaleza técnica no compleja que (a) puedan ser diseñados por ingenieros de la Dirección General de Aguas con orientación técnica mínima de otras fuentes, (b) puedan ser construidos dentro de un período de 36 meses, y (c) impulsar al máximo la utilización de mano de obra y material disponibles localmente. La responsabilidad de la operación y

mantenimiento continuado de los sub-proyectos recaerá sobre la asociación pertinente de usuarios de agua en coordinación con personal regional y zonal de las entidades respectivas del Gobierno Peruano de acuerdo a lo que se requiera.

Para colaborar en la ejecución de sub-proyectos y para asegurar una fuente de orientación técnica continuada en el diseño, construcción y uso de los sistemas de irrigación, se establecerá como parte del Proyecto dos oficinas regionales ("Oficinas Regionales del Proyecto"). El personal administrativo y plan de operaciones para estas oficinas serán aprobados mutuamente por el Ministerio de Agricultura y A.I.D.

El fondo de crédito ("Fondo") a establecerse bajo el Proyecto será administrado directamente por el Banco Agrario del Perú ("El Banco") como Agente Financiero. El Fondo operará como un programa dentro del Fondo de Operaciones Especiales de conformidad con su Ley Orgánica, y con procedimientos establecidos en un convenio suscrito entre el Banco y el Ministerio de Agricultura. Se otorgará créditos a mediano y a largo plazos de este fondo a los agricultores que trabajan en las Areas del Proyecto para inversiones en el desarrollo de la tierra y mejoras parcelarias destinadas a impulsar al máximo la eficiencia del uso de los recursos de agua y tierra. Los criterios específicos para sub-préstamos, los términos y condiciones de éstos, y los lineamientos operativos serán elaborados por el Banco, y acordados por escrito por el Ministerio de Agricultura y A.I.D.

El programa de asistencia técnica a realizarse bajo el Proyecto será ejecutado por la modalidad de "Estudios por Contrata" mediante la contratación de una firma consultora, una universidad, u otras entidades consultoras con fondos del Préstamo, y abarcará los siguientes aspectos: (1) servicios de asesoría técnica a la Dirección de Aguas en la planificación, análisis y ejecución de proyectos; (2) servicios de extensión a los agricultores participantes en cuanto al eficiente uso del agua e irrigación de tierras agrícolas; (3) investigación básica sobre irrigación de tierras agrícolas y sistemas de irrigación; (4) entrenamiento a largo y corto plazo para personal de la Dirección General de Aguas; (5) adquisición del equipo requerido para programas de entrenamiento y planificación y (6) estudios de planificación y evaluación de cuencas.

La Dirección General de Aguas coordinará con la Dirección General Forestal y de Fauna, el Banco Agrario, las Zonas Agrarias y Alimentarias, y otras entidades pertinentes para la mejor ejecución del Proyecto.

II. Financiación del Proyecto

El costo total del Proyecto se estima en el orden de los \$21,000,000, de los cuales \$11,000,000 serán proporcionados mediante el Préstamo, y el saldo equivalente a los \$10,000,000 será aportado por el Gobierno Peruano como su contribución al Proyecto.

Aproximadamente \$13,700,000 de los fondos del Proyecto serán destinados a la ejecución de sub-proyectos de planificación y construcción

de obras de irrigación y drenaje y de reforestación de laderas adyacentes; un monto que no exceda de \$300,000 de estos fondos serán reservados para los gastos del personal que A.I.D. determine sea necesario para la supervisión independiente del Proyecto. Hasta un monto de \$9,100,000 será proporcionado bajo el Préstamo para financiar los costos en moneda local y extranjera de estas actividades. El saldo, esto es el equivalente a aproximadamente \$4,600,000, será aportado de la contribución del Gobierno Peruano.

El fondo de crédito a establecerse bajo el Proyecto contará con un capital del orden de los \$3,000,000; de este total hasta un millón de dólares provendrán del Préstamo y el equivalente a \$2,000,000 provenrá de la contribución del Gobierno Peruano. Los reembolsos del principal se devolverán al Fondo de Operaciones Especiales y estarán destinados a otorgar sub-préstamos para inversiones similares.

El programa de asistencia técnica será financiado con un monto hasta por un total de \$900,000 de fondos del Préstamo. Son costos elegibles bajo este programa los de servicios técnicos, entrenamiento, adquisición de equipo y estudios relacionados con el Proyecto. Asimismo, se puede financiar con estos fondos la adquisición limitada de vehículos motorizados a ser utilizados por las Oficinas Regionales del Proyecto.

El saldo del costo total del Proyecto, o una suma estimada en \$3,400,000, representa el costo de administración del Proyecto, incluyéndose en éste los gastos de personal y ayuda local, locales para oficina y materiales, así como un fondo de reserva para financiar los aumentos de costo debidos a la inflación. Estos costos serán financiados de la contribución del Gobierno Peruano.

