

No. 13224

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
ECUADOR**

Exchange of notes constituting an agreement concerning a development loan by the Government of the United Kingdom to the Government of Ecuador for hydro-electric equipment (with annexes). Quito, 2 October 1973

Authentic texts: English and Spanish.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
11 April 1974.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
ÉQUATEUR**

Échange de notes constituant un accord relatif à un prêt de développement du Gouvernement du Royaume-Uni au Gouvernement équatorien en vue de l'achat de matériel hydro-électrique (avec annexes). Quito, 2 octobre 1973

Textes authentiques : anglais et espagnol.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
11 avril 1974.*

EXCHANGE OF NOTES¹ CONSTITUTING AN AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ECUADOR CONCERNING A DEVELOPMENT LOAN BY THE GOVERNMENT OF THE UNITED KINGDOM TO THE GOVERNMENT OF ECUADOR FOR HYDRO-ELECTRIC EQUIPMENT

I

*Her Majesty's Ambassador at Quito to the Minister
for Foreign Affairs of Ecuador*

BRITISH EMBASSY
QUITO

2 October 1973

No. 205

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Ecuador and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Ecuador in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitment of that Government and the Government of Ecuador as regards associated matters shall be as respectively set out in part A and part B below:

A. The Government of the United Kingdom declare that it is their intention to make available to the Government of Ecuador by way of a loan a sum not exceeding £925,000 (nine hundred and twenty-five thousand pounds sterling) for the purchase in the United Kingdom of hydro-electric generators of 8·2 MW capacity, four transformers, eighteen kilometers of high voltage transmission lines and distribution lines for a total of 5,000 new connections for use by the Ecuadorean Institute for Electrification (INECEL) in the National Electrification programme.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this note insofar as they relate to things to be done by or on behalf of that Government. The Government of Ecuador shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of that Government.

¹ Came into force on 2 October 1973, the date of the note in reply, in accordance with the provisions of the said notes.

(2) (a) For the purposes of these arrangements the Government of Ecuador shall, by a request in the form set out in annex A to this note, open a special account (hereinafter referred to as "the Account") with the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London S.W.1 (hereinafter referred to as "the Crown Agents"). The Account shall be operated in accordance with the instructions contained in the said request.

(b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Ecuador shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the provisions of sub-paragraph (a). The Government of Ecuador, or the Crown Agents on their behalf, shall at the same time, and so often as any change is made therein, notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate for each such officer.

(3) Save and to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the loan shall be used only:

(a) for payments under a contract for the purchase in the United Kingdom (which expression in this note shall be deemed to include the Channel Islands and the Isle of Man) of hydro-electric generators, transformers and transmission and distribution lines wholly produced or manufactured in the United Kingdom, or for work to be done or for services to be rendered in connection with such equipment by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes, being a contract which:

(i) provides for payment in sterling to persons carrying on business in the United Kingdom; and

(ii) is approved on behalf of the Government of Ecuador and accepted on behalf of the Government of the United Kingdom for financing from the loan; and

(iii) is a contract entered into after the date of this note and before 2 October 1975.

(b) for payment of charges and commissions due to the Crown Agents in respect of their services on behalf of the Government of Ecuador in connection with this loan.

(4) Where the Government of Ecuador proposes that part of the loan shall be applied to a contract, that Government shall ensure that the Crown Agents acting on their behalf obtain at the earliest opportunity:

(i) a copy of the contract, or of a notification in the form set out in annex B to this note; and

(ii) two copies of a certificate from the United Kingdom contractor concerned in the form set out in annex C to this note.

(5) (a) After the Crown Agents acting on behalf of the Government of the United Kingdom have considered the documents obtained in pursuance of the procedure described in the foregoing provisions of this note, they shall decide whether and to what extent a contract is eligible for payment from the loan.

(b) To the extent that the Crown Agents acting on behalf of the Government of the United Kingdom so accept a contract or transaction and agree to payment from the Account, the Government of the United Kingdom shall, on receipt of a request from the Crown Agents acting on behalf of the Government of Ecuador, in the form set out in annex D to this note, make payments in sterling into the Account, and each such payment shall constitute a drawing on the loan.

(c) Unless the Government of the United Kingdom otherwise agrees payments into the Account shall not be made after the 2 April 1976.

(6) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph:

- (a) for payments due under a contract to which paragraph B (3) (a) above refers, withdrawals shall be made only on receipt by the Crown Agents of Payment Certificates from the contractors concerned, in the form shown in annex E to this note and the invoices (or a photocopy or duplicates of such invoices) referred to therein;
- (b) for payments to which paragraph B (3) (b) above refers the Crown Agents shall debit the Account.

(7) If any monies which have been paid out of the Account are subsequently refunded either by the Contractor or by a Guarantor, the Government of Ecuador shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refund to the reduction of the loan.

(8) The Government of Ecuador shall repay to the Government of the United Kingdom in pounds sterling, in London, the total sum borrowed under the arrangements set out in this note, such repayments to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding need be paid:

INSTALMENTS

Date Due	Amount £
2 April 1978 and on 2 April in each of the succeeding 20 years	22,000
2 October 1978 and on 2 October in each of the succeeding 19 years	22,000
2 October 1998	23,000

(9) The Government of Ecuador shall pay to the Government of the United Kingdom in pounds sterling in London interest on drawings from the loan in accordance with this paragraph:

- (a) the rate of interest in respect of each drawing shall be 3% (three per cent) per annum;
- (b) interest shall be calculated in respect of each drawing on a day-to-day basis on the balance of the loan for the time being outstanding;
- (c) the first payment of accrued interest (if any) shall be made on 2 April 1974 and subsequent payments shall be made on 2 October 1974 and thereafter on 2 April and 2 October in each year.

(10) Notwithstanding the provisions of paragraph (8) the Government of Ecuador shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding, together with the accrued interest thereon calculated as in paragraph (9) above up to the date of payment.

(11) The Government of Ecuador shall ensure the provision of such finance additional to the loan finance provided in accordance with the arrangements set out in this note, as may be needed to complete the project.

(12) In relation to goods and services provided with finance from the loan, the Government of Ecuador shall permit officers from the British Embassy and other servants or agents of the British Government to inspect any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods and services as the latter may reasonably require.

2. If the foregoing are acceptable to the Government of Ecuador, I have the honour to propose that the present note and its annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Govern-

ments which shall enter into force on the date of your reply and which shall be known as the United Kingdom/Ecuador Loan No. (2) 1973.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

PETER MENNELL

A N N E X A

GOVERNMENT OF THE REPUBLIC OF ECUADOR

To: The Crown Agents for Oversea
Governments and Administrations,
4 Millbank
London, S.W.1.

Dear Sirs,

United Kingdom/Ecuador Loan No. (2) 1973

1. I confirm your appointment as agents of the Government of the Republic of Ecuador (hereinafter called "the Government") in connection with the purchase and payment for goods, works and/or services under the terms of the above loan to the value of £925,000 (nine hundred and twenty-five thousand pounds sterling).

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Ecuador Loan No. (2) 1973 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom on receipt of requests in the form shown in Annex D to the United Kingdom/Ecuador Loan Agreement No. (2) 1973 (a copy of which is attached hereto) and which you are hereby authorised to present on behalf of the Government. It is possible that, as a result of refunds becoming due from contractors, payments into the Account will also be made by the Government itself.

4. Payments from the Account are to be made only in respect of the amounts falling due under the contracts or in respect of the charges and commissions described in part B, paragraph (3) and paragraph (6) of the above-mentioned Loan and in the manner and subject to the conditions described in that Loan.

5. You are to send to the Government at the end of each month a detailed statement showing all debits to the Account during the month.

6. You are to send to the Government of the United Kingdom specimen signatures of the officers of the Crown Agents authorised to sign Requests for Drawing in the form shown in Annex D to the United Kingdom/Ecuador Loan Agreement No. (2) 1973 on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been sent to the Government of the United Kingdom.

Yours faithfully,

A N N E X B

NOTIFICATION OF CONTRACT

UNITED KINGDOM/ECUADOR LOAN NO. (2) 1973

To: The Government of the United Kingdom

Notification of Contract No.

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above Loan.

1. Name and Address of United Kingdom Contractor:
2. Date of Contract:
3. Name of Purchaser:
4. Short description of goods:
and/or works or services:
5. Value of contract: £
6. Terms of Payment:

Signed on behalf of the Government
of the Republic of Ecuador:

Date

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A N N E X C

UNITED KINGDOM/ECUADOR LOAN NO. (2) 1973

Acceptance No

CONTRACT CERTIFICATE

Particulars of Contract

1. Date of Contract 2. Contract No
3. Description of goods or services to be supplied to the purchaser

If a number of items are to be supplied, a detailed list should be appended to this certificate.

4. Total contract price payable by purchaser (state CIF, C & F or FOB) £

If goods are to be supplied the following sections must be completed. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods *not* originating in the United Kingdom, but purchased by the contractor directly from abroad, i.e. % of imported raw material or components used to manufacture:

(a) % FOB value

(b) Description of items and brief specifications

6. If any raw material or components used originated from abroad, e.g. copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

(a) % FOB value

(b) Description of items and brief specifications

If services are to be supplied, the following section should also be completed.

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

(a) Your firm (site engineer's charges, etc.)

(b) Local contractor

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Signed

Position held

Name and Address of Contractor

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Date

NOTE: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY

Name or number of Project

Amount committed	Date of entry	Acceptance		Payments			
		Date	Initials	Date	Amount	PA No.	Initials
£							

A N N E X D

UNITED KINGDOM/ECUADOR LOAN No. (2) 1973

D.F. No.

Please pay the sum of £ to the United Kingdom/Ecuador Loan No. (2) 1973 Account at the Crown Agents. This sum shall, on payment into the Account, constitute a drawing on the Loan.

The balance in hand is £

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For the Crown Agents acting on behalf
of the Government
of the Republic of Ecuador

Funding approved ODA

A N N E X E

UNITED KINGDOM/ECUADOR LOAN No. (2) 1973

PAYMENT CERTIFICATE

I hereby certify that:

(i) the payments referred to in the invoices listed below, which, or copies of which, accompany this payment certificate, fall due to be made in respect of Contract No dated between the contractor named below and (Purchaser) and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on

<i>Contractor's Invoice No.</i>	<i>Date</i>	<i>Amount £</i>	<i>Short description of goods, works and/or services</i>
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(ii) The amounts specified in paragraph (i) do not include any additional foreign content to that declared in paragraphs 5, 6 or 7 of the contract certificate.

(iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed
 Position held
 For and on behalf of
 Name and Address of Contractor

 Date

NOTE: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

II

[SPANISH TEXT — TEXTE ESPAGNOL]

Quito a 2 de Octubre de 1973.

Señor Embajador:

Tengo a honra referirme a la atenta nota de Vuestra Excelencia N° 205 de esta fecha, cuyo texto es el siguiente:

«Su Excelencia: Con referencia a las recientes conversaciones relacionadas con la ayuda al desarrollo que el Gobierno del Reino Unido de Gran Bretaña e Irlanda del Norte puede prestar al Gobierno de la República del Ecuador tengo a honra informar a Vuestra Excelencia que el Gobierno del Reino Unido está dispuesto a concluir un acuerdo con el Gobierno del Ecuador en los términos que a continuación se expresan.

«Tanto la posición del Gobierno del Reino Unido respecto al otorgamiento de recursos financieros, así como los compromisos que dicho Gobierno y los del Gobierno de la República del Ecuador contraen en relación con asuntos inherentes a los mismos, serán establecidos respectivamente en las Partes A y B que se indican a continuación:

«A. El Gobierno del Reino Unido expresa que es su intención poner a disposición del Gobierno del Ecuador por medio de un préstamo, una cantidad que no exceda de £925.000 (Novecientos veinte y cinco mil Libras Esterlinas), destinadas a la compra en el Reino Unido de generadores hidroeléctricos de 8.2 MW de capacidad, cuatro transformadores, diez y ocho kilómetros de líneas de transmisión de alto voltaje, y líneas de distribución para un total de 5.000 nuevas conexiones, para uso del Instituto Ecuatoriano de Electrificación (INECEL), de acuerdo con el programa de electrificación nacional.

«B. (1) El Gobierno del Reino Unido efectuará los arreglos y trámites descritos en los párrafos siguientes de la presente nota en lo referente a las gestiones que deben realizarse por dicho Gobierno o en representación del mismo. El Gobierno del Ecuador efectuará todos los arreglos y trámites que se describen a continuación en lo relacionado con las gestiones que deben llevarse a cabo por sí o en representación del mismo.

«(2) (a) Con este objeto el Gobierno del Ecuador, mediante una solicitud elevada en la forma establecida en el anexo A de la presente nota, abrirá una cuenta especial (que en adelante se denominará «la Cuenta»), con los Agentes de la Corona para Gobiernos y

(iii) Tengo la autorización de firmar este certificado en nombre del contratista abajo indicado.

Firmado
 Posición actual
 Por y en nombre de
 Nombre y Dirección del Contratista
 Fecha

NOTA: Para el propósito de esta declaración el Reino Unido incluye las Islas del Canal y la Isla del Hombre.

Al respecto, tengo a honra comunicar a Vuestra Excelencia que mi Gobierno acepta la proposición en los términos antes transcritos, por lo tanto, la nota de Vuestra Excelencia y la presente nota de respuesta, constituyen un Acuerdo entre nuestros Gobiernos, que entrará en vigencia a partir de la fecha.

Me valgo de la oportunidad para reiterar a Vuestra Excelencia los sentimientos de mi más alta consideración.

ANTONIO J. LUCIO PAREDES
 Ministro de Relaciones Exteriores

[TRANSLATION¹ — TRADUCTION²]

*The Minister for Foreign Affairs of Ecuador to Her Majesty's
 Ambassador at Quito*

Quito, 2 October 1973

Nº 77/CAT

Your Excellency,

I have the honour to refer to Your Excellency's esteemed note No. 205 of today's date, the text of which is as follows:

[See note I]

In this respect, I have the honour to inform Your Excellency that my Government accepts the proposal in the terms described above, and that therefore Your Excellency's note and this note in reply constitute an Agreement between our Governments, which shall enter into force as from this date.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

ANTONIO J. LUCIO PAREDES
 Minister for Foreign Affairs

[Annexes as under note I]

¹ Translation supplied by the Government of the United Kingdom.

² Traduction fournie par le Gouvernement du Royaume-Uni.