

**No. 14527**

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**UNITED STATES OF AMERICA  
and  
PORTUGAL**

**Loan Agreement for consulting services. Signed at Lisbon  
on 28 February 1975**

*Authentic text: English.*

*Registered by the United States of America on 31 December 1975.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
PORTUGAL**

**Accord de prêt relatif à la fourniture de services consultatifs.  
Signé à Lisbonne le 28 février 1975**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 31 décembre 1975.*

## LOAN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF PORTUGAL AND THE UNITED STATES OF AMERICA FOR CONSULTING SERVICES

Dated: February 28, 1975

A.I.D. Loan No. 150-Z-004

LOAN AGREEMENT dated the 28th of February 1975, 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, an amount not to exceed one million United States dollars (\$1,000,000) (“Loan”) to assist the Borrower in carrying out the Program referred to in Section 1.02. The Loan shall be used exclusively to finance the cost of services required for the Program. The aggregate amount of disbursements under the Loan is hereinafter referred to as “Principal”.

*Section 1.02. THE PROGRAM.* The “Program” shall consist of (a) studies, including sectoral, market and project feasibility studies, (b) consulting services needed for the planning, design and scheduling of projects, and (c) such other studies and consulting services as the Borrower and A.I.D. may agree to in writing. Such studies and consulting services shall be in the general fields of food and nutrition, health, education and human resources development, transportation, power and industry and urban development. Specific services to be furnished under the Loan will be agreed to on a case-by-case basis and the evidence of such agreement shall be contained in Implementation Letters issued pursuant to Section 8.03.

### 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 (4½) 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

<sup>1</sup> Came into force on 28 February 1975 by signature.

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 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 Attorney General (*Procurador Geral da Republica*) 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 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. ADDITIONAL CONDITIONS PRECEDENT.* Prior to disbursement of any amount for a particular service financed hereunder, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A description of the services to be obtained and a designation of the agency of the Borrower which will be responsible for implementation.
- (b) Evidence that a contract for services satisfactory to A.I.D. has been entered into with a firm, university or other institution, or with an individual consultant (all of the foregoing jointly or collectively referred to as "consultant"), each of the foregoing selected in a manner acceptable to A.I.D. The Borrower may obtain previous approval of A.I.D. to contracts that shall be entered into; in such case final approval by A.I.D. shall not be refused if final version of contract corresponds to draft approved by A.I.D.

*Section 3.03. 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 of such notice, this Agreement and all obligations of the parties hereunder shall terminate.

*Section 3.04. 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, in each case, 3.02 have been met.

*Article IV. GENERAL COVENANTS AND WARRANTIES*

*Section 4.01. CONTRACT APPROVALS.* A.I.D. reserves the right to approve all services to be financed under the Program, the consultants selected to perform services, and all contracts financed under this Loan and amendments thereto, prior to the execution of such contracts. A.I.D.'s approval of such services and contracts shall not be unreasonably withheld.

*Section 4.02. EXECUTION OF THE PROGRAM.* The Borrower will use its best efforts to facilitate the work of the consultants whose services are financed under this Loan and will insure that all contracts are carried out in accordance with their terms, as approved by A.I.D. The Borrower shall provide promptly as needed all funds in addition to those made available under the Loan needed for the effective carrying out of the Program.

*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 Program, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, and other matters relating to the Program.

*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 be 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 consultant financed hereunder, and any property or transactions relating to contracts with consultants are not exempt from 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 payment of 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 SERVICES.* Services financed under the Loan shall be used exclusively for the Program except as A.I.D. may otherwise agree in writing.

*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 services performed hereunder and to this Agreement. Such books and records shall without limitation, be adequate to show:

- (a) the receipt and use made of services financed with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of services required;
- (c) the basis of the award of contracts and orders to successful bidders; and
- (d) the progress of the respective services financed hereunder.

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 services financed hereunder as A.I.D. may request in order to verify accomplishment of the Program.

*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 Borrower's

books, records and other documents relating to the services performed hereunder and the Loan in order to verify accomplishment of the Program. 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, disbursements made pursuant to Section 6.01 shall be used exclusively to finance the procurement of services with individuals who are United States citizens or with firms or institutions located in the United States and, in the case of corporate firms or institutions, no less than 50% owned by United States citizens. Disbursements made under Section 6.02 may also finance procurement of services with individual citizens of Portugal or Portuguese firms.

*Section 5.02. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, only services which are contracted for and performed after the date of this Agreement will be financed under the Loan.

*Section 5.03. REASONABLE PRICE.* No more than reasonable prices shall be paid for any services financed, in whole or in part, under the Loan.

#### Article VI. DISBURSEMENTS

*Section 6.01. DISBURSEMENTS.* 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 consultants through the use of Letters of Credit or otherwise, for costs of services procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a consultant 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 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. 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. It is agreed that such other means shall include reimbursement to Sociedade Financeira Portuguesa (S.F.P.) for payments made by it pursuant to this Agreement upon presentation of such documentation as agreed between the Borrower and A.I.D.

*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. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment. Disbursements pursuant to Section 6.02 shall be deemed to occur on a date to be specified in the written agreement made required thereby.

*Section 6.04. 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 6.02, or amendment thereto shall be issued in response to requests received by A.I.D. after February 28, 1977, and no disbursements shall be made against documentation received by A.I.D. or any bank described in Section 6.01 or Section 6.02 after June 30, 1977. A.I.D. at its option, may at any time or times after June 30, 1977, reduce the Loan by all or any part thereof for which documentation has not been received by such date. In case of need Borrower may request and A.I.D. shall accept that date of June 30, 1977, be changed to June 30, 1978.

*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 and (ii) which has not then 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 of 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 disbursements 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 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 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, 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 days after receipt of a request therefor. Such amount shall be made available first for the cost of 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 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 services financed under the Loan, and such refund relates to an unreasonable price for services, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of 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, requests, 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: Secretaria de Estado do Planeamento Económico  
Ministério das Finanças  
Avenida Infante d. Henrique  
Lisboa, Portugal

To A.I.D.:

Mail

and Cable Address: Counselor for Economic and Commercial Affairs  
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 Secretaria de Estado do Planeamento Económico and A.I.D. will be represented by the individual holding or acting in the office of the Director, Office of Capital Development, Bureau for Near East and South Asia. 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 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 the concurrence of the Borrower prescribe the procedures applicable hereunder or give notice of approvals required 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. Form or such evidences shall be agreed on by the Borrower and A.I.D.

*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:

[Signed]

Dr. JOSÉ DA SILVA LOPES  
Minister of Finance

United States of America:

[Signed]

FRANK C. CARLUCCI  
Ambassador of the United States of America

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