

No. 16273

**UNITED STATES OF AMERICA
and
PANAMA**

**Agreement relating to repayment of a loan granted to
Desarrollo Industrial, S.A. (Loan No. 525-L-006)
(with amortization schedule and official Spanish
translation). Signed at Panamá on 30 December 1976**

Authentic text: English.

Registered by the United States of America on 27 January 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
PANAMA**

**Accord relatif au remboursement d'un prêt consenti à
Desarrollo Industrial, S.A., n° 525-L-006 (avec tableau
d'amortissement et traduction espagnole officielle).
Signé à Panamá le 30 décembre 1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 janvier 1978.

PAYMENT AGREEMENT¹ BETWEEN THE REPUBLIC OF PANAMA
AND THE UNITED STATES OF AMERICA FOR DESARROLLO
INDUSTRIAL, S.A. (DISA) (PRIVATE DEVELOPMENT BANK)

Dated: December 30, 1976

A.I.D. Loan No. 525-L-006

PAYMENT AGREEMENT

PAYMENT AGREEMENT dated 30th day of December, 1976, between the REPUBLIC OF PANAMA ("Government") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("Lender").

Article I. PURPOSE AND DEFINITIONS

Section 1.1. PURPOSE. The purpose of this Agreement is to relieve the Government of a potential strain on its international balance of payments. Panama is eligible for Lender's most concessionary terms which, at this time, provide for dollar repayment in forty (40) years at an interest rate of three (3) percent per annum. Since the Borrower is a commercial entity, however, it is not eligible for such concessionary terms. Accordingly the Loan Agreement provides that the Borrower must repay Lender in twenty (20) years with a five (5)-year grace period at an interest rate of one and one quarter (1¼) percent per annum and a credit fee of three quarters of one (¾) percent per annum. Lender has, therefore, agreed to give the Government the option of receiving from the Borrower the amounts the Borrower is obligated to pay to Lender and of then paying to Lender in dollars, on Lender's most concessionary terms, the amounts of Principal it has received from the Borrower. In no event does the Government guaranty the Borrower's debt to Lender since it is obligated to pay Lender only those amounts of Principal which it has received from the Borrower together with the required interest and credit fee payments.

Section 1.2. DEFINITIONS. As used in this Agreement:

(a) "Loan Agreement" shall mean the agreement numbered A.I.D. Loan No. 525-L-006 between Desarrollo Industrial, S.A. ("Borrower") and Lender, dated December 23, 1963, establishing a loan to Borrower of not to exceed five million one hundred thousand United States dollars (\$5,100,000).

(b) "The Loan" shall mean the Loan established by the Loan Agreement.

(c) "Principal" shall mean the aggregate of all disbursements of the Loan by Lender.

(d) "Paid-in Principal" shall mean the total amount paid by Borrower to Government in United States dollars, pursuant to Borrower's obligation under section 2.2 of the Loan Agreement to repay Principal, and in accordance with subsection 2.4(a) of the Loan Agreement.

(e) "Outstanding Paid-in Principal" shall mean the remaining balance between Paid-in Principal and the aggregate of all Principal payments made by the Government to the Lender hereunder.

¹ Came into force on 30 December 1976 by signature, in accordance with article VIII, section 8.1.

Section 1.3. INCORPORATION BY REFERENCE. The definitions contained in sections 1.1 and 1.2 of the Loan Agreement are hereby incorporated herein by reference.

Article II. SPECIAL PAYMENT PROCEDURE

Section 2.1. RECEIPT OF BORROWER'S PAYMENTS. Government hereby elects and Lender hereby agrees that Government shall receive from Borrower payments pursuant to sub-section 2.4(a) of the Loan Agreement ("Special Payment Procedure").

Section 2.2. REPAYMENT SCHEDULE. The Government agrees to make the payments to Lender required under this repayment agreement in accordance with the amortization schedule attached hereto. If Borrower fails to make any payments to Government when due, Government may request that Lender adjust or amend the attached amortization schedule to account for any such delinquent payments or delays in payment.

Section 2.3. AMORTIZATION. Government shall pay to Lender an amount in dollars equal to Paid-in Principal. Payments by the Government to Lender shall be made within 29 years, in 57 semiannual equal installments, the first installment to be due and payable on the due date of Borrower's first payment following the execution of this Agreement. The amount of each installment shall be determined by dividing the total amount of Government's (second step) dollar repayment obligation of Principal outstanding immediately before the making of the installment by the number of installments remaining to be made at that time.

Section 2.4. INTEREST. The Government shall pay Lender interest and credit fees as follows:

- (a) all interest and credit fees immediately upon receipt from Borrower subject to Government's right to retain all payments in excess of three percent (3%) per annum;
- (b) interest in United States dollars at the rate of three percent (3%) per annum on all amounts of outstanding Paid-in Principal from the respective dates of such payments of Principal. Payments to be made on the due date of Borrower's first payment following execution of this Agreement.

Section 2.5. EXCHANGE RATE. The rate of exchange to be applied for purposes of this article shall be the rates at which Borrower would have had to purchase dollars to pay Lender, computed as of the dates on which payments to Lender are due.

Section 2.6. APPLICATION AND PLACE OF PAYMENTS. All payments from Government shall be applied first to the payment of any interest due and then to the repayment of Principal. All payments to Lender shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A. and shall be deemed to have been paid when received by Lender at that address.

Section 2.7. PREPAYMENT. Government shall have the right to prepay without additional charge on any date on which interest is due all or any part of Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

Section 2.8. RENEGOTIATION OF TERMS. The Government 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 III. SPECIAL ACCOUNT

Section 3.1 USE OF BORROWER PAYMENTS. The currencies generated by the Government due to the concessional terms of this Agreement that are in excess of the Borrower's repayment obligations under the Loan shall be credited to a separate account which the Government shall establish in its own name and shall be used by the Government solely for the following purposes:

- (i) to make payments to Lender pursuant to the terms of this Agreement; and
- (ii) for purposes beneficial to the economic and social development of Panama, and as shall be mutually agreed upon in writing by Government or its designee and Lender.

Article IV. CONDITIONS PRECEDENT

Section 4.1. CONDITIONS PRECEDENT TO EFFECTIVENESS OF ELECTION OF SPECIAL PAYMENT PROCEDURE. Government's election of the Special Payment Procedure pursuant to section 2.1 hereof shall not take effect unless and until Government has furnished Lender in form and substance satisfactory to Lender:

- (a) an opinion or opinions of the Procurador General de la Nación of the Republic of Panama that this Agreement has been duly authorized or ratified by and executed on behalf of Government and constitutes a valid and legally binding obligation of Government in accordance with all its terms;
- (b) a statement of the names of the persons holding or acting in the office of the Government specified in section 8.2 and a specimen signature of each person specified in such statement; and
- (c) evidence of arrangements with the Borrower for implementing the Special Payment Procedure set forth in sub-section 2.4(a) of the Loan Agreement.

Section 4.2. NOTICE TO BORROWER. Upon satisfaction of the foregoing conditions precedent, Lender shall notify Borrower in accordance with sub-section 2.4(a) of the Loan Agreement that this Agreement is in effect.

Section 4.3. TERMINAL DATE FOR SATISFYING CONDITIONS PRECEDENT. If the conditions contained in section 4.1 of this Agreement have not been satisfied within one hundred and twenty days of this Agreement, or before such other date as Lender may specify, Lender may at any time thereafter terminate this Agreement by giving notice to Government. Upon such termination, all obligations of the Parties hereto under this Agreement shall cease.

Article V. COVENANTS AND WARRANTIES

Section 5.1. NOTICE OF ADVERSE DEVELOPMENTS. Government represents and warrants that it has disclosed to Lender all circumstances which may materially affect the discharge of its obligations under this Agreement and covenants that it will promptly inform Lender of any conditions which interfere with, or which it is reasonable to believe will interfere with, the discharge by Government of its obligations under this Agreement.

Section 5.2. TAXATION OF THIS PAYMENT AGREEMENT AND PAYMENTS THEREUNDER. This Agreement shall be free from, and the Principal and interest paid pursuant to this Agreement or the Loan Agreement shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Panama.

Section 5.3. COMMISSIONS, FEES AND OTHER PAYMENTS. The Parties covenant and warrant that no commissions, fees or payments of any kind in connection with

or related to this Agreement or in connection with negotiations incident thereto have been or will be made or agreed to be made to any person, firm or corporation other than regular compensation to officials and full-time officers and employees of the Parties.

Article VI. RECORDS; REPORTS; INSPECTIONS

Section 6.1. RECORDS; REPORTS; INSPECTIONS. (a) Government shall maintain or cause to be maintained, for such time and in such manner as Lender may, with reasonable prior notification, require books and records with respect to Paid-in Principal and interest and their utilization. Such books and records shall be audited in such manner and for such time as Lender may require.

(b) The authorized representatives of Lender shall have the right at all reasonable times to examine such books and records and all other documents, correspondence, memoranda, and other records relating to this Agreement. Government or its agent shall cooperate with Lender to facilitate such inspections. Such books and records shall be maintained until all sums due Lender under this Agreement have been paid.

Article VII. REMEDIES OF LENDER

Section 7.1. EVENTS OF DEFAULT. If any one or more of the following events ("Events of Default") shall occur:

- (a) Government shall fail to pay in full when due any interest payment or installment of principal required to be paid to Lender pursuant to sections 2.2 or 2.3 hereof;
- (b) Government shall fail to comply with any other provision contained herein;
- (c) a default shall have occurred under any other agreement between Government or any of its agencies and the United States of America or any of its agencies;
- (d) Lender determines that any representation or warranty made by or on behalf of Government in connection with this Agreement or the negotiations incident thereto, or pursuant to this Agreement, is incorrect in any material respect;
- (e) any change in the character, capacity or credit-worthiness of Borrower, or a change in the conduct of the Project, which occurs because Government or any governmental authority in Panama shall have taken any action for the dissolution or disestablishment of Borrower or for the suspension of Borrower's activities or a substantial part thereof, or for the cancellation, substantial amendment or suspension of the right of Borrower to carry out the Project;

then Lender, at its option, may declare (i) all or any part of the Paid-in Principal and interest accrued thereon to be due and payable immediately, and/or (ii) the Special Payment Procedure established by section 2.1 hereof to be terminated. Upon any such declaration, unless the default is cured within sixty (60) days thereafter, such Paid-in Principal and interest shall become due and payable immediately and/or the Special Payment Procedure shall be terminated, as indicated in such declaration.

Section 7.2. WAIVERS. 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 these rights, powers, or remedies.

Section 7.3. EXPENSES OF COLLECTION. All reasonable costs incurred by Lender (other than salaries of its staff) after an Event of Default has occurred, in connection with the collection of amounts due Lender under this Agreement, may be charged to Government and reimbursed as Lender may specify.

Article VIII. MISCELLANEOUS

Section 8.1. EFFECTIVE DATE. This Agreement shall enter into effect as of the day and year first above written.

Section 8.2. USE OF REPRESENTATIVES. (a) All actions required or permitted to be performed or taken under this Agreement by Government or Lender may be performed by their respective duly authorized representatives.

(b) Government hereby designates the General Manager, Corporación Financiera Nacional (COFINA), as its representative with authority to designate in writing other representatives of Government in its dealings with Lender in accordance with sub-section 8.2(a) hereof. Government's representatives named pursuant to the preceding sentence, unless Lender is given notice otherwise, shall have authority to agree on behalf of Government to any modification or amplification of this Agreement which does not substantially increase Government's obligations hereunder. Until receipt by Lender of written notice of revocation by Government of the authority of any of its representatives, Lender may accept the signature of such representatives on any instrument as conclusive evidence that any action effected by such instrument is authorized by Government.

Section 8.3. NO PREJUDICE. No provision of this Agreement shall terminate or modify any obligation of the Government or Borrower or any right of Lender specified in or which may arise pursuant to any provision of the Loan Agreement, except as expressly provided therein.

Section 8.4. COMMUNICATIONS. Any communication or document given, made or sent by Government or Lender pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the Party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable or radiogram to such other Party at the following addresses:

To Government:

Mail address:

Corporación Financiera Nacional
Apartado 6-2191
Estafeta El Dorado
Panamá, República de Panamá

Cable address:

COFINA
Panamá

To Lender:

Mail address:

Director
United States Agency for
International Development
Apartado 6959
Panamá 5, R.P.

Cable address:

USAID
Amembassy
Panamá, R.P.

Other addresses may be substituted for the above upon the giving of notice and acknowledgement of such substitution.

IN WITNESS WHEREOF, the Republic of Panama and the United States of America, each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their respective 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:

By: [Signed]

EDUARDO TEJEIRA
General Manager
Corporación Financiera
Nacional¹

United States of America:

By: [Signed]

IRVING G. TRAGEN
Director
United States Agency for
International Development

¹ National Financial Corporation.

AGENCY FOR INTERNATIONAL DEVELOPMENT
AMORTIZATION SCHEDULE AS OF 11/24/76, LOAN No. 525-L-006-A

Loan amount: 2,796,486.65
Number of installments: 57
Interest rate: 2%, 3%

No.	Date due	Installment total	Interest due (prin. trfd) 3%	(1st step bal.) 2%	Prin. trfd from 1st step	Prin. due A.I.D.	Remaining balance
1	4/ 9/77	\$ 30,850.82	\$ -0-	\$ 27,964.87	\$ 164,499.21	\$ 2,885.95	\$ 161,613.26
2	10/ 9/77	34,567.51	2,424.20	26,319.87	164,499.21	5,823.44	320,289.03
3	4/ 9/78	38,293.55	4,804.34	24,674.88	164,499.21	8,814.33	475,973.91
4	10/ 9/78	42,030.11	7,139.61	23,029.89	164,499.21	11,860.61	628,612.51
5	4/ 9/79	45,778.46	9,429.19	21,384.90	164,499.21	14,964.37	778,147.35
6	10/ 9/79	49,539.94	11,672.21	19,739.91	164,499.21	18,127.82	924,518.74
7	4/ 9/80	53,315.98	13,867.78	18,094.91	164,499.21	21,353.29	1,067,664.66
8	10/ 9/80	57,108.16	16,014.97	16,449.92	164,499.21	24,643.27	1,207,520.60
9	4/ 9/81	60,918.14	18,112.81	14,804.93	164,499.21	28,000.40	1,344,019.41
10	10/ 9/81	64,747.70	20,160.29	13,159.94	164,499.21	31,427.47	1,477,091.15
11	4/ 9/82	68,598.77	22,156.37	11,514.95	164,499.21	34,927.45	1,606,662.91
12	10/ 9/82	72,473.41	24,099.94	9,869.95	164,499.21	38,503.52	1,732,658.60
13	4/ 9/83	76,373.90	25,989.88	8,224.96	164,499.21	42,159.06	1,854,998.75
14	10/ 9/83	80,302.63	27,824.98	6,579.97	164,499.21	45,897.68	1,973,600.28
15	4/ 9/84	84,262.22	29,604.00	4,934.98	164,499.21	49,723.24	2,088,376.25
16	10/ 9/84	88,255.52	31,325.64	3,289.99	164,499.21	53,639.89	2,199,235.57
17	4/ 9/85	92,285.59	32,988.53	1,644.99	164,499.21	57,652.07	2,306,082.79
18	10/09/85	92,243.31	34,591.24		57,652.07		2,248,430.72
19	4/09/86	91,378.53	33,726.46		57,652.07		2,190,778.65
20	10/09/86	90,513.75	32,861.68		57,652.07		2,133,126.58
21	4/09/87	89,648.97	31,996.90		57,652.07		2,075,474.51
22	10/09/87	88,784.19	31,132.12		57,652.07		2,017,822.44
23	4/09/88	87,919.41	30,267.34		57,652.07		1,960,170.37
24	10/09/88	87,054.63	29,402.56		57,652.07		1,902,518.30
25	4/09/89	86,189.84	28,537.77		57,652.07		1,844,866.23
26	10/09/89	85,325.06	27,672.99		57,652.07		1,787,214.16

27	4/09/90	84,460.28	57,652.07	1,729,562.09
28	10/09/90	83,595.50	57,652.07	1,671,910.02
29	4/09/91	82,730.72	57,652.07	1,614,257.95
30	10/09/91	81,865.94	57,652.07	1,556,605.88
31	4/09/92	81,001.16	57,652.07	1,498,953.81
32	10/09/92	80,136.38	57,652.07	1,441,301.74
33	4/09/93	79,271.60	57,652.07	1,383,649.67
34	10/09/93	78,406.82	57,652.07	1,325,997.60
35	4/09/94	77,542.03	57,652.07	1,268,345.53
36	10/09/94	76,677.25	57,652.07	1,210,693.46
37	4/09/95	75,812.47	57,652.07	1,153,041.39
38	10/09/95	74,947.69	57,652.07	1,095,389.32
39	4/09/96	74,082.91	57,652.07	1,037,737.25
40	10/09/96	73,218.13	57,652.07	980,085.18
41	4/09/97	72,353.35	57,652.07	922,433.11
42	10/09/97	71,488.57	57,652.07	864,781.04
43	4/09/98	70,623.79	57,652.07	807,128.97
44	10/09/98	69,759.00	57,652.07	749,476.90
45	4/09/99	68,894.22	57,652.07	691,824.83
46	10/09/99	68,029.44	57,652.07	634,172.76
47	4/09/00	67,164.66	57,652.07	576,520.69
48	10/09/00	66,299.88	57,652.07	518,868.62
49	4/09/01	65,435.10	57,652.07	461,216.55
50	10/09/01	64,570.32	57,652.07	403,564.48
51	4/09/02	63,705.54	57,652.07	345,912.41
52	10/09/02	62,840.76	57,652.07	288,260.34
53	4/09/03	61,975.98	57,652.07	230,608.27
54	10/09/03	61,111.19	57,652.07	172,956.20
55	4/09/04	60,246.41	57,652.07	115,304.13
56	10/09/04	59,381.63	57,652.07	57,652.06
57	4/09/05	58,516.84	57,652.06	.00
Total		1,258,419.01	2,796,486.65	