

**No. 16615**

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**UNITED STATES OF AMERICA  
and  
DOMINICAN REPUBLIC**

**Loan Agreement for agriculture sector—II (with annex).  
Signed at Santo Domingo on 30 September 1976**

*Authentic texts: English and Spanish.*

*Registered by the United States of America on 27 April 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE DOMINICAINE**

**Accord de prêt pour le secteur agricole — phase II (avec  
annexe). Signé à Saint-Domingue le 30 septembre 1976**

*Textes authentiques : anglais et espagnol.*

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

# LOAN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE DOMINICAN REPUBLIC AND THE UNITED STATES OF AMERICA FOR AGRICULTURE SECTOR LOAN II

Dated: September 30, 1976

A.I.D. Loan Number 517-T-029

## ALLIANCE FOR PROGRESS LOAN AGREEMENT Dominican Republic — Agriculture Sector Loan II A.I.D. Loan Number 517-T-029

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<sup>1</sup> Came into force on 30 September 1976 by signature.

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LOAN AGREEMENT dated September 30, 1976, between the GOVERNMENT OF THE DOMINICAN REPUBLIC ("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 in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed fifteen million United States dollars (\$15,000,000) ("Loan") to assist the Borrower in carrying out the Program referred to in Section 1.02 ("Program").

The Loan shall be used exclusively to finance United States dollar costs of goods and services required for the Program ("Dollar Costs") and local currency costs of goods and services required for the Program ("Local Currency Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal."

*Section 1.02. THE PROGRAM.* The Loan shall be used by the Borrower to assist in financing an Agricultural Sector Program designed to (1) strengthen the agricultural sector planning, coordination and evaluation capability of the Secretariat of State for Agriculture ("SEA") and increase the supply of agricultural technicians; (2) establish an integrated small farm production support system to provide improved technological, production, educational, marketing, and credit resources and services; and (3) establish a viable and comprehensive rural development effort within SEA. The Loan funds shall be apportioned among the Program Elements and Sub-Elements as follows:

- (1) Agriculture Sector Analysis and Planning Element (\$1,500,000)
  - (a) Economic Planning and Analysis (\$530,000)
  - (b) Data Collection and Evaluation (\$470,000)
  - (c) Professional Education (\$500,000)
- (2) Small Farm Technology Development and Distribution Element (\$11,800,000)
  - (a) Production Technology Development and Distribution (\$5,360,000)
  - (b) Transfer and Utilization of Production Technology (\$1,050,000)
  - (c) Farm Services (\$5,390,000)
- (3) Rural Socio-Economic Development Element (\$1,700,000)
  - (a) Rural Area Agent Program (\$0.00)
  - (b) Rural Infrastructure (\$1,700,000)

The Program is more fully described in Annex I, attached hereto, incorporated herein by reference, which Annex may be modified in writing, consistent with the foregoing, by agreement of the representatives of Borrower and A.I.D. designated under Section 9.02 of this Agreement. 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. EXECUTING AND IMPLEMENTING AGENCIES.* The Borrower hereby designates SEA as the executing agency for purposes of carrying out the overall Program. SEA shall designate as implementing agencies the following: SEA, Agricultural Bank (“Ag Bank”), Caminos Vecinales, and/or such other agencies or institutions as the Borrower may deem appropriate for the faithful and efficient achievement of the purposes of the Loan (“Implementing Agencies”). These agencies shall carry out the various Elements, Sub-Elements, and Activities of the Program, as is more fully described in Annex I. Nothing provided herein shall be deemed to prohibit the Borrower from assigning an activity presently vested in a particular implementing agency pursuant to the provisions of Annex I to another implementing agency or suitable entity; provided, however, that such a transfer of activities shall have the prior written concurrence of A.I.D.

*Section 1.04. USE OF FUNDS GENERATED BY OTHER UNITED STATES ASSISTANCE.* The Borrower shall use for the Program, in lieu of any United States dollars that would otherwise be disbursed under the Loan to finance the Local Currency Costs of the Program, 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 Program 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 in effect on the date on which the local currency becomes available.

## *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 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 Agency for International Development, Cashier (SER/CONT), Washington, D.C. 20523, United States of America, and shall be deemed made when received.

*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.* In the light of the undertakings of the United States of America, and the other signatories of the Act of Bogotá<sup>1</sup> and the Charter of Punta del Este<sup>2</sup> 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 Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the Dominican Republic, taking into consideration the relative capital requirements of the Dominican Republic and of the other signatories of the Act of Bogotá 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, the Borrower shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) an opinion of the Legal Advisor to the Borrower, 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 Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms; and

<sup>1</sup> United States of America, *Department of State Bulletin*, 3 October 1960, p. 537.

<sup>2</sup> *Ibid.*, 11 September 1961, p. 462.

- (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.

*Section 3.02. CONDITIONS PRECEDENT TO DISBURSEMENT FOR THE DATA COLLECTION AND EVALUATION SUB-ELEMENT.* Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Data Collection and Evaluation Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., a time-phased plan setting forth the establishment and operation of the Data Bank and Documentation Center.

*Section 3.03. CONDITIONS PRECEDENT TO DISBURSEMENT FOR THE PROFESSIONAL EDUCATION SUB-ELEMENT.* Prior to any disbursement or to the issuance of any commitment document under the Loan, for the purpose of financing the Professional Education Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D.:

- (a) the guidelines to be used by SEA's Research Department and the University Coordination Committee in the approval and funding of university research proposals under the Research Grant Activity of this Sub-Element; and
- (b) a plan setting forth collaborative arrangements between SEA's Vocational Training Program and the Professional Educational Program.

*Section 3.04. CONDITIONS PRECEDENT TO DISBURSEMENT FOR CERTAIN ACTIVITIES OF THE PRODUCTION TECHNOLOGY DEVELOPMENT AND DISTRIBUTION SUB-ELEMENT.* (a) Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Production Program Coordination Activity of the Production Technology Development and Distribution Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., a plan setting forth the strengthening, reorganization or establishment and the operation of:

- (1) a Production Department within the Subsecretariat for Research and Extension of SEA or such other Subsecretariat of SEA as may be appropriate; and
- (2) multidisciplinary committees for the various crops selected for emphasis under the Program.

(b) Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Adaptive Research Activity of the Production Technology Development and Distribution Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., a plan setting forth the establishment of a corps of crop and commodity specialists.

(c) Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Seed/Plant Materials Multiplication and Distribution Activity of the Production Technology Development and Distribution Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., a Resolution from SEA setting forth the establishment and operation of the Seed Revolving Fund to include the activities to be carried out by the Seed and the Supervised Credit Departments, respectively.

(d) Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Food Production Packages Activity of the Production Technology Development and Distribution Sub-Element, A.I.D. shall

have received, in form and substance satisfactory to A.I.D., a complete work plan for the implementation of this activity, including administrative and financial arrangements with respect to the distribution of such packages; criteria for selection of recipients; geographic areas to be served; and arrangements, if any, with private producers.

*Section 3.05. CONDITION PRECEDENT TO DISBURSEMENT FOR THE RURAL SERVICES CENTERS ACTIVITY.* Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Rural Services Centers Activity of the Farm Services Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., an implementation plan, including administrative and financial arrangements, organizational structure, criteria for site selection and criteria to be used in the selection of participating entities.

*Section 3.06. CONDITIONS PRECEDENT TO DISBURSEMENT FOR THE RURAL INFRASTRUCTURE SUB-ELEMENT.* Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing the Rural Infrastructure Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., a detailed implementation plan setting forth:

- (a) the criteria to be used:
  - (1) for selecting the communities to receive assistance; and
  - (2) for selecting and approving the various categories of projects to be undertaken;
- (b) disbursement procedures; and
- (c) reporting requirements.

*Section 3.07. CONDITION PRECEDENT TO SUBSEQUENT DISBURSEMENT.* Prior to any disbursement or to the issuance of any commitment document under the Loan for the purpose of financing more than \$2,390,000 of the Farm Services Sub-Element, A.I.D. shall have received, in form and substance satisfactory to A.I.D., evidence that Borrower has reviewed and evaluated the lending practices and policies of the Ag Bank.

*Section 3.08. 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 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. 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 through 3.06 shall not have been met within 180 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 designated for use in the Loan Sub-Element (or Activity) or Sub-Elements (or Activities) for which conditions precedent were not met, or may terminate this Agreement by giving written notice to the Borrower. In the event of a termination of the Agreement, 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 3.09.* 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 through 3.07 have been met.

*Article IV.* GENERAL COVENANTS AND WARRANTIES

*Section 4.01.* EXECUTION OF THE PROGRAM. (a) The Borrower shall carry out the Program with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, planning and management practices. In this connection, the Borrower shall at all times employ suitably qualified and experienced consultants and other personnel for the Program.

(b) The Borrower shall cause the Program to be carried out in conformity with all of the plans, documents, specifications, contracts, schedules, statements and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.

*Section 4.02.* 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 and the Implementing Agencies of their obligations under this Agreement, the performance of the consultations, contractors and suppliers engaged in the Program, and other matters relating to the Program.

*Section 4.03.* MANAGEMENT. The Borrower shall provide qualified and experienced management acceptable to A.I.D., for the Program, and it shall train such staff as may be appropriate for the maintenance and operation of the Program.

*Section 4.04.* OPERATION AND MAINTENANCE. The Borrower shall operate, maintain and repair the facilities constructed 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 Program.

*Section 4.05.* TAXATION. This Agreement, the Loan and any evidences 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 Dominican Republic. Ratification of this Agreement by the Congress of the Dominican Republic shall constitute Congressional approval and authorization for the inclusion of such exemptions in such contracts to be financed hereunder, and no further Congressional approval or authorization for such contracts by reason of the inclusion of such exemptions shall be required. Nonetheless, and to the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder with funds made available under the Program and any property or transactions relating to such contracts, and (b) any commodity procurement transaction financed hereunder with funds made available under the Program, 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 5.01 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 Program, except as A.I.D. may otherwise agree in writing. Upon completion of the Program, or at such other time as goods financed under the Loan can no longer usefully be employed for the Program, the 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 of obtaining the Loan are accurate and complete, and that it has disclosed or caused to be disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Program and the discharge of its obligations under this Agreement. 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 Program or the discharge of the 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 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.

*Section 4.09. MAINTENANCE AND AUDIT OF RECORDS.* The Borrower shall maintain, or cause to be maintained, by the Implementing Agencies, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Program and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) disbursement of Borrower's and A.I.D.'s contribution to the Special Segregated Program Account ("SSPA") to be established as set forth in the Implementation Letters;
- (b) disbursements made from the SSPA to SEA and the other Implementing Agencies;

- (c) the receipt and use made by SEA and the Implementing Agencies of funds disbursed pursuant to this Agreement;
- (d) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (e) the basis of the award of contracts and orders to successful bidders; and
- (f) the progress of the Program.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals 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 to A.I.D. under this Agreement have been paid, whichever date shall first occur.

*Section 4.10. REPORTS.* The Borrower shall furnish or cause to be furnished to A.I.D. such information and reports relating to the Loan and to the Program 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 Program, the utilization of all goods, facilities, and services financed under the Loan or by the Borrower's contribution, and the books, records, and other documents of the Borrower and of the Implementing Agencies relating to the Program 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 part of the country of the Borrower for any purpose relating to the Loan.

#### *Article V. SPECIAL COVENANTS AND WARRANTIES*

*Section 5.01. BORROWER'S CONTRIBUTION TO THE PROGRAM.* The Borrower shall contribute in a manner satisfactory to A.I.D. not less than the equivalent in Dominican Republic currency of \$15,000,000 or such an amount as may be acceptable to A.I.D., and all other resources required for the punctual and effective carrying out of the Program.

#### *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 6.08(c) with respect to marine insurance, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Program 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 ("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* as in effect at the time of shipment.

*Section 6.02. PROCUREMENT FROM THE DOMINICAN REPUBLIC.* Disbursement made pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Program of goods and services having both their source and origin in the Dominican Republic.

*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 Program, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time orders are placed for such goods and services.

*Section 6.05. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS.* The definitions applicable to the eligibility requirements of Section 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, and contracts relating to the Program, 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 of the plans, specifications and construction schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. 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 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) The following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution:

- (1) contracts for engineering and other professional services;
- (2) contracts for construction services;
- (3) contracts for such other services as A.I.D. may specify; and
- (4) contracts for such equipment and materials as A.I.D. may specify.

In the case 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.

(e) Consulting firms used by the Borrower for the Program but not financed under the Loan, the scope of their services and such of their personnel assigned to the Program as A.I.D. may specify, and construction contractors used by the Borrower for the Program 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. SHIPPING AND INSURANCE.* (a) Selected Free World Goods financed under the Loan shall be transported to the country of the Borrower on flag

carriers of any country included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time of shipment.

(b) 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:

- (1) at least fifty percent (50%) of the gross tonnage of Selected Free World 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 Selected Free World Goods financed under the Loan and transported on dry cargo liners from the United States ports shall be paid to or for the benefit of privately-owned United States-flag commercial vessels; and
- (2) at least fifty percent (50%) of the gross tonnage of all Selected Free World 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 Selected Free World 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 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 Dominican Republic 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 country of the Borrower, 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 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 Selected Free World Goods financed under the Loan against risk incident to their transit to the point of their use in the Program. 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 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, 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 Program 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 Program.

*Section 6.11.* INFORMATION AND MARKING. Borrower shall give publicity to the Loan and the Program as a program of United States aid in furtherance of the Alliance for Progress, identify the Program sites, 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 Program in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of 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 Program 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 the country of the Borrower owned by the United States Government and 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 the country of the Borrower.

*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 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. after two years and six months next succeeding the date on which conditions precedent to initial disbursement are met; and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 7.01 after three years next succeeding the date on which conditions precedent to initial disbursement are met ("Terminal Date"). A.I.D., at its option, may at any time or times after the Terminal 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 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 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 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:

- (1) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and

- (2) 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
- (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:

- (1) 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;
- (2) decline to make disbursements other than under outstanding commitment documents;
- (3) decline to issue additional commitment documents;
- (4) 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. 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 days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured

for the Program hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Program hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity, and the amount of the Loan shall be reduced by the amount of such remainder.

*Section 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 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: Secretaría de Estado de Agricultura  
Centro de los Héroes  
Santo Domingo, Dominican Republic  
Cable Address: Secretaría de Agricultura  
Santo Domingo, Dominican Republic

##### To A.I.D.:

Mail Address: USAID Mission to the Dominican Republic  
Santo Domingo, Dominican Republic  
Cable Address: USAID Santo Domingo

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 Secretary of State for Agriculture, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to the Dominican Republic. 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. SPANISH AND ENGLISH VERSIONS.* In the event that the parties hereto also execute this Agreement in the Spanish language, then in cases of ambiguity or conflict between the English and Spanish versions, the English version of this Agreement shall control.

*Section 9.06. 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 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 representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

The Government  
of the Dominican Republic:

*By:* [Signed]  
DR. JOAQUÍN BALAGUER  
*Title:* President

The Government  
of the United States of America:

*By:* [Signed]  
ROBERT A. HURWITCH  
*Title:* Ambassador  
*By:* [Signed]  
JOHN B. ROBINSON  
*Title:* Director, USAID Mission  
to the Dominican Republic

ANNEX I  
PROGRAM DESCRIPTION

I. BACKGROUND AND OBJECTIVES

A. *Background*

The Agricultural Sector Assessment prepared by the Secretariat of State for Agriculture (SEA) in 1974, identified and studied in detail several major constraints impeding the full development of agriculture in the Dominican Republic. Subsequently, a number of additional in-depth studies have been carried out in the sector which identified further constraints to agricultural development.

The current Dominican Agricultural Sector Program has taken into account such principal impediments, as well as the recommendations of the Assessment, and has proposed remedies for resolving these problems. The Government of the Dominican Republic has acknowledged and emphasized that the Dominican Agricultural Sector Program has a high priority, which will require a substantial increased investment of domestic and external resources. This Loan Program is designed to assist the Dominican Government, acting through the Secretariat of State for Agriculture, in its efforts to overcome progressively the major constraints identified to date, namely:

- the need to improve agricultural policy direction by provision of a more sophisticated analytical basis for sector planning in agriculture;
- underutilization of human resources due to a lack of basic farm skills, and an insufficient base of qualified agriculturalists at the professional level;
- the need to utilize more efficiently the arable land base;
- the need to disseminate more widely original research work developed in the Dominican Republic as well as other countries;
- the limited use of modern agricultural production inputs;
- the necessity of improving techniques of classification, fertility and conservation;
- the scarcity of credit availability to small farmers;
- the need to remedy deficiencies in the marketing system;
- the paucity of rural infrastructure facilities.

B. *The Program*

The Program to be financed under this Agreement (“Program”) derives entirely from the Agricultural Sector Assessment and subsequent studies and addresses the above constraints. The Program is comprised of the Elements, Sub-Elements and Activities described in Section 1.02 of this Agreement, which are intended primarily to benefit at least 135,000 rural families, i.e., a substantial portion of those farmers cultivating less than 50 hectares, as well as landless laborers residing in rural areas.

The Program Elements, Sub-Elements and Activities have been formulated cooperatively between the Borrower and A.I.D. to assist in achieving the objectives of the Dominican Agriculture Sector Program which are as follows:

- increase employment in agriculture in rural areas;
- develop the institutional and human resources needed to sustain agricultural growth and development;
- achieve a more equitable distribution of income among those who earn their living from the agricultural sector, thereby improving the quality of rural life;
- provide food and fiber to consumers at reasonable costs;
- provide agricultural products for industrial uses, exportation, and import substitution;
- encourage the kind of agricultural production which will improve nutritional levels; and
- achieve optimum utilization of renewable natural resources.

Accordingly, the basic goal of the Program is to improve the economic standards of the rural poor, with emphasis on the small farmer. In order to achieve this goal, the Program seeks to increase the level of small farmer agricultural productivity. Similarly, it seeks to obtain this level through a general Program purpose: to expand the quantity and improve the quality of public activities undertaken in the agricultural sector.

## II. IMPLEMENTATION OF THE LOAN

### A. General

1. The Program to be financed under this Loan will be carried out by those agencies and organizations specified in Section 1.03 of this Agreement. The Secretariat of State for Agriculture (SEA), designated in Section 9.02 of the Loan Agreement as the Borrower's Representative, shall be the principal Executing Agency for purposes of coordinating the activities to be undertaken pursuant to this Agreement.

2. During the period of implementation of the Loan Program, two overall evaluation cycles will be completed, pursuant to Section 4.02 of this Agreement, at a time to be specified by a Letter of Implementation.

### B. Program Cost

1. The total cost of the Program is \$30,000,000, with the respective contributions of the Borrower and A.I.D. identified below in Table I. The amounts shown as the Borrower's contribution to the Program will be budgeted and made available in accordance with Table I.

2. Pesos or dollars scheduled for disbursement in a given calendar year pursuant to the provisions of this Annex may, with the approval of A.I.D., be disbursed in the preceding or subsequent calendar years, provided that such change is in accordance with the needs of the Program, and provided further that the general relationship between Borrower and A.I.D. contribution to the Program is maintained. Any reduction in the Borrower's yearly contribution from that shown in Table I shall be made only with the written consent of A.I.D., and may affect the availability of the A.I.D. contribution for that year.

TABLE I  
(In Thousands)

	1977	1978	1979	Total
AID Total .....	\$ 6,673.3	\$4,898.6	\$3,428.1	\$15,000.0
Dollars .....	1,474.9	907.5	324.0	2,706.4
Pesos .....	5,198.4	3,991.1	3,104.1	12,293.6
Borrower Total				
Pesos .....	\$ 5,475.2	\$4,536.7	\$4,988.1	\$15,000.0
<b>TOTAL</b>	<b>\$12,148.5</b>	<b>\$9,435.3</b>	<b>\$8,416.2</b>	<b>\$30,000.0</b>

3. By mutual written agreement between Borrower and A.I.D., the Program funds shown hereafter in this Annex for use by a given Implementing Agency for a specified Program Element, Sub-Element or Activity may be reallocated to another Implementing Agency or Program Element, Sub-Element or Activity. Any such adjustment shall be reflected in an appropriate change in implementation targets.

### C. Program Description — General

For purposes of implementation of the Program in general, and the preceding adjustment provisions, the Program Elements, Sub-Elements and Activities shall be as follows:

<i>Program Element</i>	<i>Sub-Element</i>	<i>Activity</i>	<i>Implementing Agency</i>	
I. Planning, Coordination and Evaluation		Economic Analysis & Planning	SEA, Department of Planning	
		Data Collection & Evaluation	SEA, Department of Statistics and Computer Information	
		Professional Education	SEA/Inter-University Coordinating Committee	
II. Small Farm Production Support	A. Production Technology Development and Distribution	1) Production Program Coordination	SEA, Production Department, Department of Planning	
		2) Land Utilization	SEA, Soils Department	
		3) In-Country Adaptive Research	SEA, Research Department	
		4) Seed/Plant Materials Multiplication/Distribution	SEA, Seed Department with assistance of CENDA, Juma Rice Station and CNIECA	
		5) Food Production Packages	SEA Extension, Production Departments	
		6) Farm Production Surveys	SEA, Planning, Agriculture, Economics Departments	
	B. Transfer of Production Technology	Vocational Education	SEA, Extension Department	
	C. Farm Services	1) Production Marketing	SEA, Marketing Division	
		2) Rural Credit	Ag Bank	
		3) Rural Credit	SEA, Supervised Credit	
	III. Rural Socio-Economic Development		Rural Area Development Agent Program	SEA, Sub-Secretariat for Research and Extension
			Rural Infrastructure Development	SEA, Sub-Secretariat for Research and Extension

## D. Program Description by Element

## 1. Element I: Agriculture Sector Planning, Coordination and Evaluation (\$3.0 million)

## a. Purpose

To strengthen the agricultural sector planning, coordination and evaluation capability of SEA, and to involve other professional agriculturalists in the agriculture process, and, in this respect, to increase the supply of agriculture technicians.

## b. Financial Contribution

The Borrower and A.I.D. will contribute the amounts set forth below during the years indicated to finance this Element of the Program.

TABLE II a  
(In Thousands)

	1977	1978	1979	Total
AID Total .....	\$ 671.1	\$ 591.9	\$237.0	\$1,500.0
Dollars .....	477.9	385.9	84.0	947.8
Pesos .....	193.2	206.0	153.0	552.2
Borrower Total				
Pesos .....	500.5	511.4	488.1	1,500.0
TOTAL	\$1,171.6	\$1,103.3	\$725.1	\$3,000.0

## c. Activity Expenditures

Funds will be expended in the period shown in order to finance the various activities under this Element, as indicated below:

## d. Implementation

## (1) Activity: Economic Planning and Analysis

TABLE II b  
(In Thousands)

1977	1978	1979	Total
\$415.0	\$395.9	\$249.1	\$1,060.0

PURPOSE: To upgrade the planning capability of SEA's Planning Department in order to further improve its abilities to undertake detailed data collection surveys, as well as a complete sector analysis; develop annual budgets; elaborate a long-run agricultural strategy; and estimate the economic consequences of alternative development plans and policy decisions within the agricultural sector.

Program funds will be used to finance the costs of salary supplements for both present and new employees; equipment and supplies; vehicles, including operating and maintenance costs; travel and per diem, training; technical assistance; as well as cover project operations costs, e.g. conducting small farmer surveys.

With respect to the administration of this Loan Program, funds will be used to finance the costs of salaries of new personnel as well as partial salaries for existing personnel; office equipment; and travel expenses.

## (2) Activity: Data Collection and Evaluation

TABLE II c  
(In Thousands)

1977	1978	1979	Total
\$383.6	\$331.4	\$225.0	\$940.0

**PURPOSE:** To coordinate data sources and establish a broad-scale information system in the agricultural sector.

Under this Activity, funds will be provided to upgrade SEA's computer center in order to undertake increasingly sophisticated economic analyses, including sector analysis processing, expanded quarterly small farm surveys, area specific and special surveys, as well as increased tabulations for other Dominican agricultural institutions.

The information thus gathered will be processed by a Data Bank to be established under the Program, while SEA's Documentation Center will be expanded and strengthened in order to store and distribute information provided by the Data Bank and other sources. Additionally, approximately three regional sub-libraries will be established, in order to disseminate information to the various regions of the country. In each branch, reading rooms will be established in which collections of technical reports and data will be available for use by local and regional technicians, as well as the general public.

A close working relationship will be maintained with AGRINTER, a computerized agricultural information system being developed by IICA-CIDIA. It is envisaged that the AGRINTER system, with its headquarters in Costa Rica, will be integrated with those of a number of Latin American countries, thus providing a mutual basis for exchange of agricultural information.

Financing will be provided for the costs of partial salaries of both present and new employees; vehicles, including operation and maintenance; travel and per diem; overseas and in-country training; technical assistance; and project operations (e.g., computer time).

Pursuant to Section 3.02 of this Loan Agreement, a time-phased plan for the establishment and operation of the Data Bank and Documentation Center is to be prepared by SEA and submitted for A.I.D.'s approval, as further described by Implementation Letter.

### (3) Activity: Professional Education

TABLE II d  
(In Thousands)

1977	1978	1979	Total
\$373.0	\$376.0	\$251.0	\$1,000.0

**PURPOSE:** To expand the involvement of the universities in the agricultural sector; to provide limited academic training.

#### *Upgrading Faculties*

Under the Program a selected number of faculty members from the three participating universities, UNPHU, ISA and UASD, will be trained for advanced degrees at a U.S. or other eligible universities. The following fields of study are expected to be included: aquaculture; agricultural engineering; food technology; as well as others deemed appropriate.

#### *Research Grants*

Research grants will also be made available to the above universities in order to further develop linkages between SEA and such universities. Such grants will be administered through SEA with provisions for avoiding research duplication among the universities or with investigations conducted by SEA staff. Research grant guidelines will be prepared by the Inter-University Coordinating Committee in consultation with SEA's Department of Research and will be submitted for A.I.D.'s approval pursuant to Section 3.03 (a) of the Loan Agreement. Grant Funds will be used to pay salaries, wages, travel expenses, limited specialized equipment, supplies and materials and publication costs.

#### *Vocational Center Training Program*

Program funds will be used to promote collaboration between SEA's Vocational Training Program and the Professional Education Program in order to improve both university and

vocational level course content and focus research interest towards the solution to critical rural production, marketing and socio-economic problems. It is anticipated that such mutual endeavors as joint preparation of teaching materials, workshops, and special university student programs will be undertaken. In this respect, pursuant to Section 3.03 (b) of this Loan Agreement, a plan, setting forth collaborative arrangements between the Vocational Training Program and the Professional Education Program, will be developed and submitted for A.I.D.'s approval.

#### *International Research Studies*

Approximately six person-months' overseas study will be provided to selected faculty members on the latest research undertaken and technology developed by International Research Centers, universities and governmental organizations. It is anticipated that such information will subsequently be applied to programs designed to assist the small farmer in the Dominican Republic.

#### *Professional Associations*

Funds will be provided for at least one annual meeting per year of the Inter-University Coordinating Committee, as well as other periodic in-country and regional professional association meetings and conferences. Funds for such purposes will be provided from the General Committee Fund.

#### *Technical Assistance*

Technical assistance will be financed under the Program in conjunction with the implementation of new curricula, operation of new teaching and research laboratories, initiation and execution of research and other special concerns. Requirements for such assistance will be considered by the Inter-University Coordinating Committee.

#### *Administrative Support*

Financing will be provided in order to cover general expenses of the Inter-University Coordinating Committee, including such items as office equipment, personnel costs and other office expenses; vehicles, including operation and maintenance; conference expenses and report publications; and other expenses approved by the Committee as required to maintain an effective operation and coordination of the Professional Education Program.

## 2. *Element II: Small Farm Production Support (\$23.6 million)*

### a. *Purpose*

To establish an integrated small farm production support system to provide improved technological production, educational and marketing resources and services.

### b. *Financial Contribution*

The Borrower and A.I.D. will contribute the amounts set forth below during the years indicated to finance this Element of the Loan Program.

TABLE III a  
(In Thousands)

	1977	1978	1979	Total
AID Total .....	\$ 5,603.7	\$3,506.7	\$2,691.1	\$11,801.5
Dollars .....	997.0	521.6	240.0	1,758.6
Pesos .....	4,606.7	2,985.1	2,451.1	10,042.9
Borrower Total				
Pesos .....	4,554.8	3,564.5	3,739.2	11,858.5
TOTAL	\$10,158.5	\$7,071.2	\$6,430.3	\$23,660.0

c. *Activity Expenditures*

Funds will be expended in the period shown in order to finance the various Sub-Elements and Activities under this Element, as indicated below.

d. *Implementation*

(1) Sub-Element: Production Technology Development and Distribution

(a) Activity: Production Program Coordination

TABLE III b  
(In Thousands)

1977	1978	1979	Total
\$725.3	\$618.6	\$606.1	\$1,950.0

PURPOSE: To coordinate programs related to the development and distribution of production technology for selected small farm crops.

In order to develop and implement national production programs for the crops selected under the Program, multi-disciplinary teams will be created within SEA's Production Department for each crop chosen, with initial emphasis on such crops as rice, corn, beans, root crops and plantains. These teams will provide information to the National Advisory Committee to SEA which will be convened at least once a year to discuss policy questions and help establish annual long-range production objectives for each crop in order to guide the Secretary of Agriculture in making policy determinations, establishing adaptive research and production priorities, setting production targets and establishing guidelines for the allocation of resources among the various crops or crop categories. Based on such policy determinations, plans will be developed and funds will be made available to provide national coordination, as well as regional level direction, in the development and dissemination of production and land use technology, improved seeds and "production packages" for small farmers.

Each multidisciplinary team will be responsible for mobilizing the various entities within SEA, other public sector agencies and the private sector in focusing sufficient resources on the production of its particular crop. Teams shall receive assistance through a special support and coordination office within the Production Department to ensure that the appropriate entities undertake the measures necessary to implementation of an integrated production program. Such measures are expected to include the development of strong linkages with International Research Centers; identification of superior varieties and production of sufficient breeder and foundation seed; contracting for and supervising the production of sufficient certified or improved seed; arranging for processing and sale or distribution of the improved seed, and initiating and supervising field production trials and demonstration trials with individual farmers.

Program funds will be used at the national level to finance the salaries of professionals and service personnel, related office equipment, supplies and expenses of meetings; printing costs; and publications in support of the special office to be established within the Production Department to serve the multidisciplinary teams. Additionally, financing will be provided for vehicles, including operation and maintenance; travel and per diem; in-country training; and technical assistance. Project operations funds will be made available to provide field support for the corps of crop specialists and for the development and dissemination of "production package" information.

Regional level financing will be provided for vehicles, including operation and maintenance costs; travel and per diem; promotional efforts, and other such expenditures to assure adequate field support for technicians working through or assigned to the seven regional SEA offices.

Pursuant to Section 3.04 (a) of this Loan Agreement, a plan will be developed setting forth the strengthening, reorganization or establishment and the operation of (1) a Production



Department within the Secretariat for Research and Extension of SEA or such other sub-secretariat of SEA as may be appropriate; and (2) multidisciplinary committees for the various crops selected for emphasis under the Program. Such plan will be submitted to A.I.D. for its approval.

(b) Activity: Land Utilization

TABLE III c  
(In Thousands)

1977	1978	1979	Total
\$435.1	\$329.7	\$305.2	\$1,070.0

PURPOSE: To develop a viable land use program designed to improve small farm productivity.

(i) Soil Classification. Approximately 200,000 hectares of land will be classified through soil surveys at the semi-detailed level. Existing aerial photos will be utilized to facilitate this work. The information thus gathered will be utilized to provide alternatives for cropping, based on all principal factors affecting crop production.

(ii) Soil Fertility and Crop Production. Under this component, the number of soil fertility field trials will be expanded from the present 8 to approximately 40 locations. All efforts will be closely coordinated with the Production Coordination and Adaptive Research activities under the Program, as well as with other domestic research and extension programs in general, both in-country and overseas.

(iii) Soil Conservation. Pilot soil conservation projects will be established in at least three geographic areas of the country, each area using at least three different soil conservation systems, e.g., terracing, strip cropping and minimum tillage crop production. All such pilot projects will use the maximum degree of hand labor practicable. The conservation works in each area will be utilized initially as soil conservation field trials and later for demonstration or training purposes as sufficient information is obtained concerning the cost and effectiveness of the various methods.

Under the Land Utilization Activity, Program funds will finance the salaries of technical and administrative personnel, as well as wages for laborers; field and laboratory equipment and tools, equipment rental, planting and construction materials; vehicles, including operation and maintenance costs; travel and per diem; in-country and overseas training; technical assistance; and all project operations costs related to soil classification and fertility. Additionally, the Program will finance the remodeling of soils laboratories and soil survey costs.

(c) Activity: In-Country Adaptive Research

TABLE III d  
(In Thousands)

1977	1978	1979	Total
\$790.5	\$550.9	\$458.6	\$1,800.0

PURPOSE: To establish mechanisms designed to address the need for more efficient utilization of Dominican research capabilities.

This Activity will provide financing for increasing coordination among the various public and private entities involved in research in an attempt to link both domestic and overseas basic research findings to national production goals. In order to achieve this coordination, a National Research Council, composed of various public and private sector representatives, will be named and activated. The Council will advise SEA regarding the determination of research priorities and programs, as well as the coordination of research undertaken by public and private sector entities. SEA's Research Department will administer this Activity, in accordance with priorities determined by the Secretary.

Additionally, a corps of crop or product specialists will be developed to provide an effective link between research and extension in an effort to ensure that research findings are made available at the farm level. These personnel will be trained in both basic research and extension methodology, and will serve part-time as researchers and part-time as extension commodity specialists. Similarly, short conceptual training on research will be provided to selected extension agents in order to improve the flow of information from the farm level to research entities and to increase research-extension cooperation.

Dominican researchers also will maintain a regular exchange of ideas and information with International Research Centers and universities through visits to such entities and by obtaining short-term technical assistance from them. Such regular contacts will provide Dominican agriculturalists with valuable exposure to such technologies as: minimum tillage farming, inter and multiple cropping, new rice-tillage systems, high protein corn, and lowland Irish potato production, water management practices and fish culture.

Financing under this activity will provide salaries for new technical and service personnel, agricultural machinery and equipment; laboratory supplies; office furniture; vehicles; in-country travel and per diem; training; technical assistance; project operations costs (e.g., agricultural machinery and inputs, research, livestock, office operations and supplies, etc.), and the construction of research substation facilities.

Pursuant to Section 3.04 (b) of this Loan Agreement, a plan for the establishment of a corps of crop and commodity specialists shall be prepared and submitted for AID's approval, as further described by Implementation Letter.

(d) Activity: Seed/Plant Materials Multiplication and Distribution

TABLE III e  
(In Thousands)

1977	1978	1979	Total
\$2,236.8	\$713.3	\$549.9	\$3,500.0

PURPOSE: To institutionalize on a countrywide basis an efficient and dependable process of improved seed and plant material multiplication and distribution.

This program will be carried out through a cooperative arrangement between SEA's Seed Department and private producers under which SEA will purchase seed from producers and process it for sale to farmers. Initially, attention under this activity will be given to such crops as rice, corn, beans, plantains and cassava. In this respect, this Activity will be closely coordinated with the Production Program Coordination Adaptive Research and Food Production Packages activities of the Loan Program.

In order to finance the seed production and processing activities, a Seed Revolving Fund will be established. This Fund will be administered by the SEA Supervised Credit Program and shall be used to finance loans for working capital to producers of certified or improved seed and to seed processing entities in order to prepare seed for sale to farmers. A portion of the Fund may be used for short-term credit loans under SEA's Supervised Credit Program, when excess working capital is available. Pursuant to Section 3.04 (c) of this Loan Agreement, a Resolution will be prepared by SEA setting forth a plan for the establishment and operation of the Seed Revolving Fund, including the activities to be carried out by the Seed Department and Supervised Credit Department, respectively. Such plan will be submitted to A.I.D. for its approval.

Financing will be provided for the salaries of technical and service personnel, as well as wages for day laborers; equipment and supplies; vehicles, including operation and maintenance costs; travel and per diem; in-country and overseas training; project operations (e.g., startup costs of seed processing, production costs of foundation seed, packaging materials, etc.); construction and remodeling of seed production processing facilities; and a Seed Revolving Fund.

## (e) Activity: Food Production Packages

TABLE III f  
(In Thousands)

1977	1978	1979	Total
\$542.5	\$578.5	\$379.0	\$1,500.0

PURPOSE: To develop and deliver food production packages for small farmers.

This activity will focus on reaching the smallest farm level through the provision of food production packages, composed of selected seeds, plant materials and other items, such as small animals, which can be maintained with low-level technology by operators of the smallest farms, in order to improve their nutritional and economic status. Distribution of the food production packages will be carried out by the approximately 500 SEA rural extension agents, each reaching approximately 40 small farmers during the first year of activity and approximately 80 in the second and third years, respectively. On this basis, approximately 100,000 small farm families can be reached during the life of the Program. It is expected that the food production packages will be distributed at little or no cost to recipients.

The production of seed and planting materials may be undertaken by SEA's Seed Department, although it is anticipated that most will be accomplished by the private sector under contract to the Seed Department. Small animal procurement will be undertaken by SEA's Production Department in coordination with the appropriate public and private entities.

The makeup of food production packages will vary from area to area, based on differences in soil and climatic conditions. Each will contain, however, adapted and improved planting materials of selected crops, fertilizer, and pesticides where needed, and in some areas, limited numbers of poultry or fish.

Program funds will finance limited personnel costs; travel and per diem; project operations (e.g., cost of assembling and packaging); and the procurement of seeds, plants, small animals, fertilizers, and pesticides.

Pursuant to Section 3.04 (d) of this Loan Agreement a complete work plan for the implementation of this activity will be developed by SEA and submitted to A.I.D. for its approval. Such plan will include administrative and financial arrangements with respect to distribution of the packages; criteria for selection of recipients; geographic areas to be served; and arrangements, if any, with private producers.

## (f) Activity: Farm Production Surveys

TABLE III g  
(In Thousands)

1977	1978	1979	Total
\$341.2	\$280.3	\$278.5	\$900.0

PURPOSE: To increase the effectiveness of SEA's agricultural planning and evaluation efforts, as well as the flow of information between farmers and extensionists/researchers.

This Activity will expand and strengthen the Quarterly Farm Production Surveys through the following:

- expand the sample frame from 400 to 1,400 segments in order to regionalize the data base;
- update quarterly crop forecasts through monthly field visits to determine crop progress;
- include additional crops in the quarterly surveys;
- institutionalize computer processing of surveys; and
- coordinate evaluation of farmers under the Sector Analysis program.

Additionally, area-specific surveys will be undertaken in order to obtain information with respect to specialized crops which are concentrated in limited production areas.

Special sample frames will be designed for each of the designated areas. Surveys will also be scheduled to avoid conflict with quarterly surveys. Finally, special studies will be carried out, including an annual cost-of-production survey, credit use and demand, and consumption and employment studies. These surveys will be carried out simultaneously with ongoing quarterly surveys and will utilize the same personnel.

Financing under this Activity will be provided for partial salaries of current employees as well as full salaries of new employees; equipment and supplies; vehicles, including operation and maintenance costs; travel and per diem; short-term technical assistance; and project operations (e.g., preparation of new quarterly survey framework and training seminars).

(2) Sub-Element: Transfer of Production Technology (Vocational Education)

TABLE III h  
(In Thousands)

1977	1978	1979	Total
\$813.1	\$641.3	\$645.6	\$2,100.0

PURPOSE: To upgrade and expand the activities under the Vocational Education Program.

Under this Sub-Element, three new vocational training centers will be established. Additionally, there will be a revision and expansion of the activities under the five existing pilot centers. Approximately 6,700 additional farmers will be trained over the three-year implementation period of the Program. Emphasis will be placed on selecting and training farm leaders to serve in their areas as "promoters" of the production methods they acquire at the centers. SEA extension agents will play a key role in the identification of potential leaders for training and will follow up to assist graduate farmers in developing an outreach capability in their respective communities. The objectives of each new training center, based on experience obtained under the pilot phase, will be as follows:

- a) to develop the production and farm management skills of small farmers, enabling them to improve their level of living through increased productivity;
- b) to develop a basic corps of knowledgeable farm and community leaders to be utilized in the dissemination of improved agricultural technology and in the development of their home communities;
- c) to broaden the specific technical knowledge of farmers in such areas as:
  - cultivation practices of selected crops (including those to be distributed under the Food Production Packages activity);
  - operation and maintenance of agricultural tools and machinery;
  - appropriate drainage and irrigation practices;
  - soil conservation practices;
  - farm management and budgeting;
  - use of agricultural credit; and
  - farm marketing.

Initially, each new center will undertake a survey of local farmers and SEA extension agents to determine the most pressing agricultural problems in the zone of influence of the center; the specific course content to most effectively deal with local problems; and a profile of the target population for each training center. Participants will be trained during a 15-month cycle and will receive follow-up field visits from center staff members. It is anticipated that two complete cycles of instruction can be completed during the period of Program implementation.

It is anticipated that approximately 42 practical courses, designed to reach both literate and illiterate farmers, will be provided in such areas as production of corn, cassava, rice, peanuts, sweet potatoes and plantains, as well as beef cattle. Specialized instruction will also be provided in such areas as soybeans, pigeon peas, Irish potatoes, vegetables, beans, poultry, swine, goats, rabbits, food production package crops, and farm marketing.

Follow-up measures will be taken by the staffs of the respective centers, including individual farm visits, demonstrations, workshops, visits to experiment stations and other training. Special attention will be given to coordination with extension agents and commodity specialists in follow-up activities.

Program financing will be provided to cover the costs of the salaries of technicians, administrative and support personnel; office, teaching, agricultural, dormitory and kitchen equipment; vehicles, including operation and maintenance costs; travel and per diem; in-country training; technical assistance; project operations, e.g., agricultural and livestock inputs, repairs to buildings and rent; and meals for students.

(3) Sub-Element: Farm Services

(a) Activity: Production Marketing Services

TABLE III i  
(In Thousands)

1977	1978	1979	Total
\$1,007.1	\$439.6	\$333.3	\$1,780.0

PURPOSE: To assist in the provision of essential marketing services to small farmers.

Under this Activity, it is anticipated that a Rural Service Center pilot project will establish five centers in each of three SEA agricultural regions. Each such center should increase the marketing capability of approximately 200 small producers and, accordingly, should strengthen their position in the marketing process. Each area selected will be analyzed to determine its specific needs, and, on the basis of this analysis, the following types of facilities and services, or variations thereof, may be included:

- product assembly, grading, packing, short-term storage and sales;
- production supply store — fertilizers, seeds, tools, etc.;
- production, harvesting and transportation services;
- space for periodic use of area agents, credit representatives, public health or other community service agents;
- retail store with limited inventory of basic food and beverage items; and
- other facilities that meet financial feasibility reviews.

The administration of market centers will be based on the financial and operational participation of responsible community organizations. Services such as production supply stores and other such areas of activity will complement current Dominican Government programs.

Additionally, funds will be made available to communities for financing construction and equipment as well as inventory and operating costs and technical support. Follow-up evaluations will be made at the end of each year of operation to determine the effectiveness of the pilot centers.

Pursuant to Section 3.05 of this Loan Agreement, an implementation plan will be developed by SEA, including administrative and financial arrangements, organizational structure, criteria for site selection and criteria to be used in the selection of participating entities. This plan will be submitted for A.I.D.'s approval, as further described by Implementation Letter.

The second aspect of this Activity will entail the improvement and expansion of SEA's capacity to provide timely marketing information to the agricultural sector, particularly to the small farmer. Distribution of market information to the press and radio will be expanded on a commodity and area basis, and market bulletins to area extension agents and others will be increased. Additionally, more timely farm gate supply and price information will be obtained to stimulate intermediary and processor response to distressed market areas. To facilitate the process, a national level two-way radio system will be installed.

Market extension activities also will be increased to give special emphasis to supporting and upgrading the ability of rural agents to cope with small farmer marketing problems. In addition, technical assistance will be provided to the Rural Service Center pilot project, as well as for analyzing proposed market facilities under the Rural Infrastructure Activity of the program. Finally, special marketing training programs will be coordinated with the Vocational Training Centers to provide marketing information to approximately 1,500 selected farmers.

Training of small farmers, public sector employees and intermediaries will be undertaken in support of the above activities. The implementation of small farmer training will be closely associated with the Vocational Education and Rural Development Agent activities, respectively. Farmers will be trained in such areas as: the value and use of market news, improved marketing techniques and other marketing matters of significance to the small farmer and the rural community.

Special research-and-development studies and surveys will be undertaken in support of the marketing extension program and for use in analyzing and evaluating performance of the marketing system. Such studies may include, but not be limited to: (a) agricultural product origin and destination surveys for Santo Domingo and Santiago; (b) post-harvest crop losses; (c) consumer preference; (d) processing and storage feasibility and (e) farm level packing, weights and measures.

Farm leaders selected for training will receive instruction in such areas as the value and use of market news, improved marketing techniques and other pertinent subject matter.

Public Sector employees will be trained in such areas as extension methodology, project preparation and evaluation, farm level packing and food storage and preservation. The intermediaries will receive training in such areas as product handling, preservation and packing of farm products and appropriate weights and measures.

Funds under the Program will finance the following costs: partial salaries for both present and new employees; a two-way radio system; vehicles, including operation and maintenance costs; travel and per diem; overseas and in-country training; technical assistance; market studies; and the Rural Service Centers Pilot project.

(b) Activity: Rural Credit

(i) Rural Credit — Ag Bank

TABLE IIIj  
(In Thousands)

1977	1978	1979	Total
\$620.9	\$437.5	\$441.6	\$1,500.0

PURPOSE: To provide a more extensive credit delivery system and a more efficient system of administration within the Ag Bank.

Under this Activity, approximately 14 new field offices will be established in areas now outside the range of present facilities. These offices will serve as satellite offices to existing branches, and each will require a small staff. Each office will have the responsibility of soliciting borrowers, receiving credit applications, making farm visits, monitoring loans and making collections. Administrative and accounting support will be provided to these field offices by the major supervisory branches of the Ag Bank.

The Ag Bank will also convert from its current 4-region to a new 7-region administrative organizational structure to coincide with that of SEA. Additionally, a group lending office will be established within the Ag Bank at the national level in order to service loans to groups which have previously received supervised group loans from other sources and which now can be serviced without such supervision.

Technical assistance will be provided to the Ag Bank in evaluation and planning procedures in order for the Bank to improve its lending operations, as well as increase agricultural sectoral

coordination. Such assistance will include data processing activities in order to increase efficiency and lower lending costs.

Financing under the Program will be provided for the salary costs of new employees; office furniture, machines and supplies; vehicles and motorcycles, including operation and maintenance costs; computer time; technical assistance; and project operations (e.g., in-country travel and per diem and other operating costs).

(ii) Rural Credit — SEA Supervised Credit

TABLE III k  
(In Thousands)

1977	1978	1979	Total
\$2,586.0	\$2,481.5	\$2,432.5	\$7,500.0

PURPOSE: To improve SEA's supervisory capacity with respect to small farmer credit activities and to provide additional credit to the target group.

Financing will be provided to cover the costs of new employees and regional supervisors, as well as office furniture and machines; vehicles and motorcycles, including operation and maintenance costs; and technical assistance. Additionally, approximately \$7.0 million will be provided as a further infusion of capital to SEA's Supervised Credit Fund. These funds are intended to benefit approximately 11,600 small farmers within the Target Group over the operational period of the Program. This figure is based on a sub-loan average of approximately RD\$600 per beneficiary. A low subloan beneficiary average will be maintained throughout the Program in order to reach the maximum number of small farmers. Group lending techniques will be employed to the maximum extent practicable.

This Activity will be closely coordinated with the above-mentioned Ag Bank operations in that SEA Supervised Credit agents will utilize the 14 new Ag Bank field offices, as well as maintain their affiliation with existing Ag Bank field offices.

3. *Element III: Rural Socio-Economic Development (\$3.4 million)*

a. *Purpose*

To establish a viable and comprehensive rural community development effort within SEA.

b. *Financial Contribution*

The Borrower and A.I.D. will contribute the amounts set forth below during the years indicated to finance this Element of the Program.

TABLE IV a  
(In Thousands)

	1977	1978	1979	Total
AID Total .....	\$400.0	\$ 800.0	\$ 500.0	\$1,700.0
Dollars .....	—	—	—	—
Pesos .....	400.0	800.0	500.0	1,700.0
Borrower Total				
Pesos .....	478.4	460.8	760.8	1,700.0
<b>TOTAL</b>	<b>\$878.4</b>	<b>\$1,260.8</b>	<b>\$1,260.8</b>	<b>\$3,400.0</b>

c. *Activity Expenditures*

Funds will be expended in the period shown in order to finance the following Activities under this Element, as indicated below:

## (1) Activity: Rural Area Development Agent Program

TABLE IV *b*  
(In Thousands)

1977	1978	1979	Total
\$453.6	\$373.2	\$373.2	\$1,200.0

PURPOSE: To train new rural agents and to provide limited retraining of existing agents in an attempt to broaden the traditional role of the rural extension agent from that of serving only agricultural producers to a "total development" role, encompassing the social needs of all rural dwellers.

Training will be on a phased basis and will be provided to all current and new extension agents. The training courses will be under the auspices of the Sub-Secretariat for Research and Extension, and will be held in various locations within the country. Subject courses will include areas such as principles of community development, project proposal preparation, accounting basics and other related matters.

Program funds will be provided to cover the costs of salaries of new agents; incentive allowances; equipment and supplies; a fund to provide loans for the purchase of motorcycles; travel and per diem; in-country training; and project operations (e.g., administrative costs, vehicle operation and maintenance and travel).

## (2) Activity: Rural Infrastructure Development

TABLE IV *c*  
(In Thousands)

1977	1978	1979	Total
\$424.8	\$887.6	\$887.6	\$2,200.0

PURPOSE: To support rural community development efforts, especially with respect to productive infrastructure projects.

Under this activity projects will be identified by community development committees, assisted by SEA agents. Project proposals will require approval by an SEA regional office and, in certain cases, by other Dominican Government agencies. Project proposals under this activity will be designed to utilize labor intensive methods of construction and, in this regard, must demonstrate a high level of labor content. Necessary technical assistance and materials will be provided by SEA or obtained from other government agencies.

Upon approval of a particular project, Program funds will be provided to the community development committee in the form of a grant. The area agent will have monitoring responsibilities and will exert control over the release of funds to the community. The community development committee will have the option of utilizing funds in the form of a grant or loan, depending on the case. The committee will be required to submit to SEA a detailed final report regarding the use of grant funds or an annual report if Program funds are utilized as loans and identifiable as such.

It is anticipated that the following activities will be carried out under this Activity:

- 200 hectares of hillside terracing;
- 300 water supply structures;
- 5,000 meters of canals;
- 40 multi-purpose market centers;
- 125 kilometers of feeder roads.

Pursuant to Section 3.06 of this Loan Agreement SEA will develop and submit to A.I.D. for its approval an implementation plan setting forth the following: (1) the criteria to be used for selecting the communities to receive assistance; (2) criteria for selecting and approving the various categories of projects to be undertaken; (3) disbursement procedures; and (4) reporting requirements.