

No. 16829

**UNITED STATES OF AMERICA
and
COLOMBIA**

**Loan Agreement relating to small farmer training (with
annex). Signed at Bogotá on 29 November 1976**

Authentic text: English.

Registered by the United States of America on 10 July 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

**Accord de prêt sur la formation des petits exploitants agri-
coles (avec annexe). Signé à Bogotá le 29 novembre
1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 10 juillet 1978.

ALLIANCE FOR PROGRESS LOAN AGREEMENT¹—COLOMBIA—
SMALL FARMER TRAINING BETWEEN THE REPUBLIC OF
COLOMBIA (NATIONAL APPRENTICESHIP SERVICE) (*SER-
VICIO NACIONAL DE APRENDIZAJE*) (SENA) AND THE
UNITED STATES OF AMERICA

A.I.D. Loan No. 514-T-081B

LOAN AGREEMENT dated the 29 day of November 1976 between the SERVICIO NACIONAL DE APRENDIZAJE (“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 Section 1.03 of the Foreign Assistance Act of 1961, as amended, an amount not to exceed two million dollars (\$2,000,000) (“Loan”) to assist the Borrower in carrying out the program referred to in Section 1.02 (“Project”). The Loan shall be used to finance exclusively the dollar costs (“Dollar Costs”) of goods and services required for the Project. The aggregate amount of disbursements under the Loan is hereinafter referred to as “Principal.”

Section 1.02. THE PROJECT. Loan funds will be used to finance the procurement of equipment and technical services to reorient, improve, and expand the Borrower’s rural training programs toward providing the rural poor with the skills and supporting resources they require to assure a more reliable source of income and a higher standard of living. The Borrower will receive up to two million dollars (\$2,000,000) to procure equipment and obtain technical assistance for a major expansion and improvement of its rural mobile training program.

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 (9 ½) 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.

¹ Came into force on 29 November 1976 by signature, in accordance with section 9.06.

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 agree in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C. 20523, and shall be deemed made when received by A.I.D. at this address.

Section 2.04. PREPAYMENT. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, on any date on which interest is due, all or any part of the Principal. Any such prepayment shall be applied in the order prescribed in Section 2.03 and, to the extent applied to Principal, shall be applied *pro rata* to the remaining installments thereof.

Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.01. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT OF LOAN FUNDS. Prior to any disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion or opinions of the Legal Advisor of the Borrower or such other counsel as A.I.D. may agree to, demonstrating that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Borrower, and constitutes a valid binding obligation of Borrower in accordance with its terms;
- (b) Evidence of the authority of the person or persons who will act as representative or representatives of Borrower, pursuant to Section 9.02, together with a specimen signature of each such person duly certified as to its authenticity;
- (c) Evidence that the Government of Colombia (GOC) has issued a valid and legally binding full faith and credit guaranty of repayment with respect to this Loan and AID Loan 514-T-81 A;
- (d) A jointly prepared, detailed operational plan to insure program cooperation and coordination between the Borrower and Acción Cultural Popular ("ACPO") at all levels;
- (e) A plan to facilitate transportation to the rural mobile training instructors in order that they may make proper use of the instructional and demonstration equipment provided as part of the Project;
- (f) A detailed equipment list with specifications, quantities, and estimated costs.

Section 3.02. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT. (a) If all of the conditions specified in Section 3.01 (a), (b) and (c) shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree 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 the conditions specified in Section 3.01 (d), (e), and (f), have not been met within one hundred and twenty (120) days from the date of this Agreement, A.I.D., at its option, may cancel the then undisbursed balance of the Loan and may terminate this Agreement. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payment in full, this Agreement and all obligations of the parties will terminate.

Section 3.03. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT. A.I.D. shall notify the Borrower promptly upon receipt of documents submitted in satisfac-

tion of Section 3.01 and whether A.I.D. has determined that the conditions precedent to disbursement have been met.

Article IV. GENERAL COVENANTS AND WARRANTIES

Section 4.01. EXECUTION OF THE PROJECT. The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative practices, and also in accordance with all of the related plans, specifications, contracts, schedules, and other arrangements, including all modifications therein.

In this connection, the Borrower shall at all times employ suitably qualified and competent construction contractors to carry out construction subprojects, and shall employ suitably qualified and experienced consultants, where appropriate in connection with the Project set forth in Annex I, to be professionally responsible for the planning and execution of the Project.

A.I.D. reserves the right to review such plans, specifications, contracts, schedules, and other documents related to the Project, as may be appropriate.

Section 4.02. FUNDS AND OTHER RESOURCES TO BE PROVIDED BY BORROWER. Except as A.I.D. may otherwise agree in writing, the Borrower shall provide or cause to be provided promptly, as needed, all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project. In cases where *force majeure* affects the original scope of the Project, the Borrower may request consultation with A.I.D.

Section 4.03. CONTINUING CONSULTATION. The Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall, from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

Section 4.04. MANAGEMENT. The Borrower shall provide qualified and experienced management for the Project, and shall train such staff as may be appropriate for the organization, development, maintenance, and operation of the Project.

Section 4.05. OPERATION AND MAINTENANCE. The Borrower shall operate, maintain, and repair the facilities constructed and equipment procured under the Project in conformity with sound engineering, financial, administrative, and mechanical practices, and in such manner as to insure the continuing and successful achievement of the purpose of the Project.

Section 4.06. TAXATION. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from any taxation or fees imposed under the laws in effect within the country of the Borrower. To the extent that any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts, and any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in the country of Borrower, such will be paid or reimbursed, to the extent prescribed in and pursuant to Implementation Letter, as under Section 4.02 of this Agreement with funds other than those provided by Borrower under the Loan.

Section 4.07. UTILIZATION OF GOODS AND SERVICES. (a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other times as goods financed under the Loan can no longer usefully be employed for the Project, 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 4.08. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES. The Borrower represents and warrants that all facts and circumstances that they have disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and includes all facts and circumstances that might materially affect the Project and the discharge of their obligations under this Agreement. The Borrower will promptly inform A.I.D. of any facts and circumstances that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

Section 4.09. COMMISSIONS, FEES, AND OTHER PAYMENTS. (a) The Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, they have not paid, and will not pay or agree to pay, nor to the best of their knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which they are parties or of which they have knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of 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 commissions, fees, taxes, or similar payments legally established in the country of the Borrower.

Section 4.10. MAINTENANCE AND AUDIT OF RECORDS. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) Disbursement of Borrower's contribution in accordance with the provision of Annex I;
- (b) Disbursements of funds made available under the Loan to the Borrower in accordance with the provisions of Annex I;
- (c) Disbursements made by the Borrower of the funds received in accordance with the Project;
- (d) The receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;

- (e) The nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (f) The basis of the award of contracts and orders to successful bidders; and
- (g) The progress, both fiscal and qualitative, of the Project, in sufficient detail (as shall hereafter be specified in Implementation Letters) to enable A.I.D. to review requests for releases of Loan funds.

Such books and records shall be regularly audited in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D., or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

Section 4.11. REPORTS. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may request.

Section 4.12. INSPECTIONS. The authorized representative of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods, facilities, and services financed by Loan funds or by Borrower's contributions, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of the country of the Borrower for any purpose relating to the Loan. Prior to undertaking any inspections pursuant to the provisions of this Section, however, A.I.D. hereby undertakes to advise the Borrower of its intent to exercise its rights hereunder. The Borrower shall: (a) upon request, extend to A.I.D. the right to inspect the books, records, and other documents relating to the Project; and (b) insert, or cause to be inserted, in all contracts with private entities, whether financed directly or through an intermediary under the Loan, a clause extending to A.I.D. the right to make inspections in accordance with this Section.

Article V. SPECIAL COVENANTS AND WARRANTIES

Section 5.01. BORROWER'S CONTRIBUTION. Borrower covenants that its contribution to the Project, as described in Annex I hereof, shall be provided in a timely manner, and in accordance with the provisions set forth therein.

Section 5.02. The Borrower covenants to give priority attention to those geographic areas in which other AID-financed projects are being implemented and to coordinate its activities with AGPO and with the implementing agencies carrying out the AID-financed projects in these geographic areas.

Section 5.03. Borrower covenants to give consideration to the environmental impact of this Project and to foster appropriate environmental practices in carrying out this Project.

Section 5.04. Borrower covenants to budget an annual increasing amount during the duration of the Project to rural training activities carried out by its mobile units, including sufficient funds for vehicles necessary to give instructors mobility.

Section 5.05. Borrower covenants to make every effort to coordinate with other government and private agencies all of its rural development activities.

Section 5.06. Borrower covenants to provide to A.I.D., within six (6) months from the date this Loan is signed, a detailed plan for the creation and operation of an evaluation system within its organization.

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 Section 6.08 (c) hereof with respect to marine insurance, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Project of goods and services, except motor vehicles, having both their source and origin in countries included in Code 941 of the AID Geographic Code Book as in effect at the time the orders are placed or contracts are entered into for such goods and services ("Selected Free World Goods and Services"). Notwithstanding any other provisions herein, motor vehicles to be provided with Loan funds must be manufactured in the United States. All ocean shipping financed under the Loan shall have both its source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

Section 6.02. ELIGIBILITY DATE. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 6.03. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS. The definitions applicable to the eligibility requirements of Section 6.01 will be set forth in detail in Implementation Letters.

Section 6.04. PLANS, SPECIFICATIONS AND CONTRACTS. The Borrower shall furnish or cause to be furnished to A.I.D. upon request all plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications therein, relating to goods and services to be financed under the Loan.

Section 6.05. REASONABLE PRICE. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with established procedures.

Section 6.06. GOODS AND SERVICES NOT FINANCED UNDER LOAN. Goods and services procured for the Project, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

Section 6.07. SHIPPING AND INSURANCE. (a) Selected free world goods financed under the Loan shall be transported to Colombia 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. No such goods may be transported on any ocean vessel (or aircraft): (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods, or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(b) Unless A.I.D. shall determine that privately owned United States-flag commercial vessels are not available at fair and reasonable rates for such vessels:

- (i) At least fifty percent (50%) of the gross tonnage of 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 shipment of selected free world goods financed under the Loan and transported on dry cargo liners from United States ports shall be paid to or for the benefit of privately owned United States-flag commercial vessels;

(ii) At least fifty percent (50%) of the gross tonnage of all 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 Colombia 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 risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed or in any freely convertible currency. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into for such replacements, and shall be otherwise subject to the provisions of this Agreement.

Section 6.08. NOTIFICATION TO POTENTIAL SUPPLIERS. In order that all United States firms shall have the opportunity to participate in furnishing procurement to be financed under the Loan pursuant to Section 7.01, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

Section 6.09. UNITED STATES GOVERNMENT-OWNED EXCESS PROPERTY. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned excess property as may be consistent with the requirements of the Project and 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 cost 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.

Article VII. DISBURSEMENTS

Section 7.01. DISBURSEMENT FOR UNITED STATES DOLLAR COSTS—LETTER OF COMMITMENT TO UNITED STATES BANKS. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letter of Credit or otherwise, for dollar costs of goods procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters.

Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

Section 7.02. 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 7.03. DATE OF DISBURSEMENT. Disbursements by A.I.D. shall be deemed to occur 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.

Section 7.04. TERMINAL DATE OF DISBURSEMENT. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment documents which may be called for by another form of disbursement under Section 7.02 or amendment thereto, shall be issued in response to requests received by A.I.D. more than thirty (30) months after meeting the initial conditions precedent and no disbursement shall be made against documentation received by A.I.D., or any bank described in Section 7.01, more than thirty-six (36) months after such date. A.I.D. may, at its option, at any time or times after such date, reduce the Loan by all or any part thereof for which documentation was not received by such date.

Article VIII. CANCELLATION AND SUSPENSION

Section 8.01. CANCELLATION BY THE BORROWER. The Borrower may, with the prior written consent of A.I.D. and by written notice to A.I.D., cancel any part of the Loan (a) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (b) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letter of Credit.

Section 8.02. EVENTS OF DEFAULT; ACCELERATION. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;
- (c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other Loan Agreement, any guaranty agreement, or any other agreement between the Borrower and A.I.D. or any of its predecessor agencies,

then A.I.D. may, at its option, give the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days:

- (i) Such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) The amount of any further disbursements made under the 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 and the Government of the United States or any of its agencies;
- (e) Satisfactory progress is not being made in carrying out all or any part of the Project in accordance with the terms of this Agreement,

then A.I.D. may, at its option:

- (i) Suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly;
- (ii) Decline to make disbursements other than under outstanding commitment documents;
- (iii) Decline to issue additional commitment documents;
- (iv) At A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of Colombia.

Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

Section 8.04. CANCELLATION BY A.I.D. Following any suspension of disbursements pursuant to Section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

Section 8.05. CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

Section 8.06. REFUNDS. (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any

disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity, and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

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

Section 8.07. EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of occurrences of any of the events specified in Section 8.02, may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

Section 8.08. NON-WAIVER OF REMEDIES. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers or remedies.

Article IX. MISCELLANEOUS

Section 9.01. COMMUNICATIONS. Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement, shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made, or sent to the party by hand or by mail, telegram, cable, or radiogram at the following addresses:

To the Borrower:

Mail Address:

Servicio Nacional de Aprendizaje
Avenida Caracas No. 13-88
Bogotá, Colombia

To A.I.D.:

Mail Address:

USAID Mission to Colombia
American Embassy
Bogotá, Colombia

Cable Address:

AMEMBASSY
Bogotá, Colombia

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 the Director of Servicio Nacional de Aprendizaje, and A.I.D. will be represented by the individual holding or acting in the Office of Mission Director, USAID Mission to Colombia. Each individual shall have 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 fully 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. Nothing set forth in such Letter of Implementation shall either modify or alter the terms 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. SUCCESSORS TO RIGHTS OF A.I.D. If by operation of any law of the United States, or by virtue of assignment, any corporate or other agency of the United States Government succeeds to the rights and obligations of A.I.D. under this Agreement, such agency shall be deemed to be A.I.D. for purposes of this Agreement.

Section 9.06. EFFECTIVE DATE OF AGREEMENT. This Agreement shall enter into full effect on the day and year first above written.

Section 9.07. TERMINATION UPON FULL PAYMENT. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the

IN WITNESS WHEREOF, Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Servicio Nacional de Aprendizaje:

By: [Signed]

CLARA INÉS LARA DE SÁNCHEZ

Title: Acting Director General

United States of America:

By: [Signed]

PHILLIP V. SÁNCHEZ

Title: Ambassador of the United States of America to Colombia

[Signed]

By: JAMES MEGELLA

Title: Director,
USAID Mission to Colombia

A N N E X I

DESCRIPTION OF THE PROJECT

GENERAL INTRODUCTION

This Project consists of two loans ACPO 514-T-81 A and SENA 514-T-81 B and is intended to assist the Colombian Government's emphasis on the country's marginal poor rural population. The Project will fund part of SENA's expansion and improvement of its Rural Mobile Training Program.

In order to reach the Project's goal of higher improved real small farmer income, technical assistance will be provided to insure that SENA reaches the target population with the appropriate curriculum and that this new technology is utilized and results in the better living conditions for the rural poor.

The goal of this Project is to improve the income level and standard of living of small farmers and those who depend in a relatively direct fashion on the economic activity generated by small farmers.

The purpose of the Project is to increase essential skills, knowledge, and information to small farmers and the rural poor through effective communication. This will be accomplished by assisting two key non-formal education institutions in Colombia, the Borrower and ACPO, in expanding and improve their programs.

COORDINATION

Since the coordination of the services to the rural poor will be a key to the effectiveness of such services, both ACPO (Borrower under AID Loan 514-F-081-A) and SENA (Borrower under this Loan) will give special attention to the integration of their programs with each other and with the other rural service entities as will be described in letters of implementation.

Within three months after the initiation of this Project, both SENA and ACPO will have held national meetings of their leadership to discuss ways to improve the cooperation of their programs with those of other national organizations of the sector. Indicators will be established to evaluate how successful this Project is in relation to the coordination of the several rural development programs.

SENA will give special emphasis to their rural development programs in those areas serviced by programs developed under the AID Small Farmer Access Road Program, and to the geographic areas selected for special study under the AID Small Farmers Training Loan.

IMPLEMENTATION AND EVALUATION

In order to assure timely evaluation of the Project's Implementation, SENA will present to USAID quarterly implementation project reports which will include the budget execution each quarter and the progress indicators in relation to programmed targets.

In January of each year of the Project, SENA will submit an annual report showing quantitative evidence of progress.

Within three months of the termination date of the loan, SENA and the USAID will conduct a joint evaluation of the project.

TECHNICAL ASSISTANCE

This Project provides for such technical assistance that may be necessary to assure successful achievement of the purpose. This assistance will provide expertise in relation to the installation, operation, and maintenance of the machinery and equipment purchased under the Loan. It will also provide expertise in regard to the latest in instructional and training technology. This includes such areas as curriculum development, materials development, and training methods. Technical assistance will be available for upgrading management, organizational, and evaluative techniques.

FINANCIAL INPUTS

The financial inputs for this Project by source are summarized below:

	(000 US)					Total
	FY '76	TQ	FY '77	FY '78	FY '79	
Local Costs						
SENA			400	900	950	2,250
Dollar Costs						
AID Loan			1,167.5	782.5	50	2,000
AID Grant	37	13	46	18.5	5.5	120
SUB-TOTAL	37	13	1,213.5	801	55.5	2,120
GRAND TOTAL for Project with Loan and Grant						4,370

SERVICIO NACIONAL DE APRENDIZAJE (SENA)

SENA, a large governmental agency, is expanding and restructuring its rural mobile training program to serve better the isolated and poor farmers of Colombia. SENA plans to train farmers and provide information in such a manner that their real income level will increase, and there will be a subsequent increase in their standard of living.

Since 1967, SENA has been operating a mobile unit program to bring skilled training to the marginal people in rural areas. It now recognizes that the need is so great that it is going to hire more instructors and is also going to make its program more relevant to the needs of the rural poor by a careful diagnosis of the situation in the various geographic areas serviced by the program. It will also increase the effectiveness of the program by giving in-service training to the instructors and by providing the instructors with appropriate instructional and demonstration equipment.

The study of the various areas, to determine needs, will have the first phase completed by January 1977, and the second phase by the first of the following year.

Since curriculum construction should be a continuous process, curriculum improvements will be made all during the Project, but the focus on income generation and empresarial skills and understandings will be included in all agricultural skills courses by January, 1977.

There will be 192 new instructors to expand the programs. One half are being hired in CY '76 with the remainder to be assigned in CY '77.

In-service courses will be given to all experienced instructors: 25% during CY '76, 50% during 1977, and 25% during 1978.

The additional instructors will make it possible to promote additional training opportunities to rural poor; SENA projects future enrollments as follows:

1976:	150,000
TQ:	12,000
1977:	165,000
1978:	182,000
1979:	200,000

SENA will evaluate all of its courses in relation to the effect on income generation and other criteria. This evaluation program will become an integral feature of the mobile unit program. By January 1977, at least one half of the courses will have been evaluated, and by January 1978 all the courses will have been evaluated. The evaluation will be done on a regional basis coordinated nationally.

Within three months after the beginning of this Project, SENA will submit a final list for approximately 25% of the equipment to be purchased under this Project and within 9 months it will submit a final list of the equipment remaining to be purchased.
