

No. 17271

**UNITED STATES OF AMERICA
and
COLOMBIA**

**Alliance for Progress Loan Agreement relating to food and
nutrition in Colombia (with annex). Signed at Bogotá
on 14 September 1976**

Authentic text: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

**Accord de prêt (Alliance pour le progrès) relatif à l'alimen-
tation et à la nutrition en Colombie (avec annexe). Signé
à Bogotá le 14 septembre 1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 24 novembre 1978.

ALLIANCE FOR PROGRESS LOAN AGREEMENT¹ (COLOMBIA—FOOD AND NUTRITION) BETWEEN THE REPUBLIC OF COLOMBIA AND THE UNITED STATES OF AMERICA

Dated: September 14, 1976

A.I.D. Loan No. 514-T-082

LOAN AGREEMENT dated the 14 day of September, between the REPUBLIC OF COLOMBIA (“Borrower”), the MINISTRY OF FINANCE AND PUBLIC CREDIT, 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 six million dollars (\$6,000,000) (“Loan”) to assist the Borrower in carrying out the program referred to in section 1.02 (“Project”). The Loan shall be used to finance the local currency costs (“Local Currency Costs”) and 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 four sub-projects which are a part of the Borrower’s National Food and Nutrition Plan. The sub-projects include: a vegetable protein mix production plant to be installed and equipped under this Loan and to be implemented by the Instituto Colombiano de Bienestar Familiar (ICBF); a pilot sub-project in Cauca, with later expansion to two additional Departments, to test and to implement a multisector nutrition program which includes subsidized feeding, rural health service expansion, rural water systems, nutrition education and mass communications, improvement of food marketing systems, and coordination and evaluation activities, to be administered during 1976 and 1977 by the Instituto de Fomento Industrial (IFI) and then carried out through a special national budget implementation mechanism designed for this Loan and one by the IBRD; an evaluation sub-project to establish a mechanism and organization in the Departamento Nacional de Planeación (DNP) to provide evaluation information to the National Food and Nutrition Council; and a sub-project for training, technical assistance and pilot experimental studies to test future intervention possibilities and train personnel. The implementing agencies on these last two sub-projects will be the Departamento Nacional de Planeación (DNP) and the Instituto Colombiano de Fomento para la Educación Superior (ICFES). The Project is more fully described in Annex I, attached hereto, which Annex may be modified by mutual agreement of the parties in writing. The procedures for securing goods and services to be financed under the Loan shall be described in the implementation letters referred to in section 9.03 (“Implementation Letters”).

¹ Came into force on 14 September 1976 by signature in accordance with section 9.06.

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 agree in writing, all such payment 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.

Section 2.05. RENEGOTIATION OF THE TERMS OF THE LOAN. In the light of the undertaking of the United States of America and the other signatories of the Act of Bogotá¹ and the Charter of Punta del Este² to forge an Alliance for Progress, the Borrower agrees to negotiate with A.I.D. concerning an acceleration of the repayment of Principal at any time or from time to time as A.I.D. or the Borrower may request; provided, however, that no such request under this section shall be made prior to six (6) months before the date the first installment of Principal is payable under section 2.02. The Parties hereto shall mutually determine whether such an acceleration shall take place on the basis of the following criteria:

- (i) The capacity of Borrower to service a more rapid liquidation of its obligations in the light of the internal and external financial position of Colombia, taking into account debts owing to any agency of the United States of America, or to any international organization of which the United States of America is a member; and
- (ii) The relative capital requirements of Borrower 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 OF LOAN FUNDS. Prior to any disbursement or to the issuance of the first Letter of Commitment

¹ United States of America, *Department of State Bulletin*, 3 October 1960.

² *Ibid.*, 11 September 1961.

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 to the Director General, Office of Public Credit, Ministry of Finance, 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.

Section 3.02. **CONDITION PRECEDENT FOR DISBURSEMENT FOR THE VEGETABLE PROTEIN MIX.** Prior to any disbursement or the issuance of any commitment documents under the Loan for the Vegetable Protein Mix (VPM) sub-project, Borrower shall submit to AID in form and substance satisfactory to AID:

- (1) An agreement between the manufacturer(s) of the VPM processing equipment and the Borrower including, but not limited to, procurement and installation of equipment, a warranty from the manufacturer that the processing plant and all componentry installed as a part thereof, whether produced by the manufacturer or produced elsewhere, will function in accordance with the Borrower's desired specifications, and a provision for training personnel to operate and maintain the equipment;
- (2) A guaranty from the Borrower to the VPM operating corporation(s) that, at least until final disbursement of the Loan, the Borrower will procure each year from the VPM plants the quantities of VPM required for use in Borrower's subsidized feeding programs;
- (3) A detailed plan for the organization and management of the VPM plant to be financed under the Loan, and the distribution of the VPM;
- (4) A detailed list of equipment to be procured in Colombia and detailed plans for modification and/or construction of warehouses and for the structures which will house the VPM production units.

Section 3.03. **CONDITION PRECEDENT FOR DISBURSEMENT OF CAUCA PILOT SUB-PROJECT.** Prior to any disbursement or the issuance of any commitment documents under the Loan for the Mass Communications and Education Activity for the Cauca Pilot Sub-project, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D. a detailed implementation plan for the activity, including, but not limited to, the strategy to be used, the relationship of the Activity to on-going efforts and the mechanisms by which the Activity will be carried out.

Section 3.04. **CONDITION PRECEDENT FOR DISBURSEMENT FOR EVALUATION SUB-PROJECT.** Prior to any disbursement or the issuance of any commitment documents under the Loan for the Evaluation Sub-project, the Borrower shall submit to A.I.D., in form and substance satisfactory to A.I.D.:

- (1) A detailed implementation plan for the sub-project, including but not limited to, a method for devising a system of quarterly evaluation reports and annual monitoring reports, and a method of proposing special studies to be financed as part of the sub-project; and
- (2) Evidence that the unit responsible for implementation of the sub-project has hired or otherwise obtained the services of a sufficient number of well-qualified officers to implement the sub-project.

Section 3.05. **CONDITION PRECEDENT FOR TRAINING SUB-PROJECT.** Prior to any disbursement or the issuance of any commitment documents under the Loan for the training, technical assistance and experimental studies sub-project, the Borrower shall

submit to A.I.D., in form and substance satisfactory to A.I.D., a detailed implementation plan for the sub-project, including, but not limited to, the scheduling of seminars, workshops, graduate training, pilot studies, in-country research grants, and short-term technical assistance.

Section 3.06. LIMITING DATES FOR COMPLETION OF CONDITIONS PRECEDENT. (a) If all of the conditions specified in section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree 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 condition specified in sections 3.02, 3.03, 3.04 and 3.05 has 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 3.07. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT. A.I.D. shall notify the Borrower promptly upon receipt of documents submitted in satisfaction of sections 3.01, 3.02, 3.03, 3.04 and 3.05 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 sub-projects, 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 the Borrower, the Borrower shall, as and to the extent prescribed in and pursuant to implementation letters, pay or reimburse the same 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 time 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 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 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 request 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 interval 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 contribution, 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 that the existing sub-committee on training, technical assistance and experimental studies shall continue as under A.I.D. Loan 075 to Colombia, and that the Colombian Institute for Higher Education (ICFES) and the Colombian Institute for Training Abroad (ICETEX) will serve as voting members of such committee when training is under consideration.

Section 5.03. The Borrower covenants that the subsidized feeding program will continue at current levels and that the phaseover from Title II donations to locally purchased food will be carried out by June, 1978.

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, disbursement 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 AID Geographic Code Book as in effect at the time of shipment.

Section 6.02. PROCUREMENT FROM COLOMBIA. Disbursements made pursuant to section 7.02 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in Colombia.

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 of contracts firmly placed or entered into prior to the date of this Agreement.

Section 6.04. 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 6.05. PLANS, SPECIFICATIONS AND CONTRACTS. The Borrower, prior to request from A.I.D., shall submit or prepare for submission 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 6.06. 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 6.07. 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 6.08. 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 instance 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 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 6.10. 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 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. DISBURSEMENTS FOR LOCAL CURRENCY COSTS. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of Colombian pesos for Local Currency Costs of goods and services procured or to be procured for the Project in accordance with the terms and conditions of this Agreement by submitting to A.I.D. such supporting documents as A.I.D. may prescribe in Implementation Letters. A.I.D. shall make such disbursements from pesos owned by the United States Government and obtained by A.I.D. with U.S. dollars. The U.S. dollar equivalent of the pesos made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the pesos.

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 disbursement pursuant to section 7.02, on the date on which A.I.D. disburses the local currency to the Borrower or to its designee.

Section 7.05. 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 7.03 or amendment thereto, shall be issued in response to requests received by A.I.D. more than thirty-six (36) 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 forty-two (42) months after such date. A.I.D., at its option, may 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 (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 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 or any of its agencies 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 or any of its agencies 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 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 communications 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: Ministerio de Hacienda y Crédito Público
Bogotá, Colombia

Cable Address: MINHACIENDA, Bogotá

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 Minister of Finance and Public Credit and A.I.D. will be represented by the individual holding or acting in the Office of Mission Director, USAID Mission to Colombia. Such individuals shall have authority to designate additional representatives by written notice in the event of any replacement or other designation of a representative hereunder.

Borrower, Minister of Finance and Public Credit 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, Minister of Finance and Public Credit 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 corporation 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 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 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 duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Ministry of Finance and Public Credit:

[Signed]

RODRIGO BOTERO M.

Title: Minister of Finance and Public Credit

United States of America:

[Signed]

PHILIP V. SANCHEZ

Title: Ambassador of the United States of America to Colombia

[Signed]

JAMES MEGELLAS

Title: Director, USAID Mission to Colombia

A N N E X I

DESCRIPTION OF PROJECT

I. GENERAL INTRODUCTION

The project consists of four sub-projects as follows:

A. *An Evaluation Sub-Project*

The Evaluation and Analysis Section of the Nutrition Group of the National Planning Department will be strengthened and expanded in order to provide the National Food and Nutrition Council with regular reports which: evaluate the progress and results of activities carried out under the National Food and Nutrition Plan; measure the impact of the plan as a whole on the target population; and analyze the effects of other variables outside the plan.

B. *Cauca Pilot Sub-Project and Expansion*

Through the creation of a new administrative and budgetary system, the DNP will coordinate a series of nutrition-related interventions, first in the Department of Cauca as a pilot and subsequently in two additional Departments, to determine the optimum method of improving the nutrition status of target populations on an area by area basis.

C. *Training, Technical Assistance and Experimental Studies Sub-Project*

To enhance DNP's ability to revise and improve the National Food and Nutrition Plan, the staff of DNP and other involved agencies will receive training in Nutrition Planning, and a series of special studies and experimental activities will be carried out in search of new and better methods of closing the nutrition gap.

D. *Vegetable Protein Mix Sub-Project*

To meet the Government of Colombia's need for a low-cost, high-quality food to use in subsidized feeding programs, three plants will be equipped to produce a vegetable protein mix. One plant will be financed under this project and two additional with the help of UNDP.

II. PROJECT GOAL

To improve the nutritional status of the poorest 30% of the Colombian population.

III. PROJECT PURPOSE

The purpose of this project is to provide part of the infrastructure and to begin the implementation of the National Food and Nutrition Plan.

The four sub-project purposes are:

- A. To provide timely information for decision-makers to use in development and modification of GOC policies, programs, projects and other activities affecting nutrition status;
- B. To test in one Department (State) the effectiveness of various nutrition interventions within a multisector administrative framework and to implement the system in two additional Departments;
- C. To strengthen and facilitate the multisector planning and implementation of the National Food and Nutrition Plan; and
- D. To provide a locally produced high protein vegetable mix to meet the needs of the subsidized feeding programs.

IV. EVALUATION SUB-PROJECT

A. *Outputs*

The Evaluation and Analysis Section in the Nutrition Group of DNP will be expanded to provide to the NFNC regular reports evaluating progress and results of programs which are part

of the plan, impact of the plan on target group nutrition, and influence of other variables outside the plan. Analysis of special studies and existing data will permit description of current nutritional status of the population by region. The NFN will use these reports as well as new intervention ideas from its sub-committee on training, technical assistance, and pilot projects to recommend revision and improvement of GOC policies, programs, and projects to the President and his Economic and Social Council (CONPES).

A system of quarterly reports will be developed to indicate budget execution of implementing agencies, progress toward yearly targets, analysis of program difficulties and successes, and results of each of the projects under the National Nutrition Plan. Report criteria will be established by the Evaluation and Analysis Section. The reports will be prepared by the Evaluation and Analysis Section with the inputs of the implementing agencies and Departmental Nutrition Committees. It is expected that this report will lead to more rapid action in the redesign or shutdown of projects that are not achieving their purposes. This Section will have a close relationship with the Department of Cauca, where a pilot project (described next) will be doing trial interventions to be duplicated in regional program expansion. As the regional expansion program spreads, it is expected that information on projects will flow from other Departments as well. This system will provide some check on information coming from the national implementing agencies. Part of the quarterly report to the Council will analyze the current nutritional situation.

An annual monitoring report will present the nutrition status of the population on a regional basis. Here the Evaluation and Analysis Section and Data Division of DNP will design a computer program to utilize pertinent data stored by GOC Agencies. In addition, the national morbidity survey (nutrition section), price and economic data, and data collected from departments for the regionalization project will form the basis for a regional breakdown of nutrition status and problems. With each updated report on nutrition status, analysis thereof should provide the NFNC background information for policy recommendations. Such a system will identify global problems related to exogenous variables.

Special studies to be financed as part of the Evaluation Sub-Project fall into three principal categories: (a) In-depth investigation of findings from regular program evaluations. For example: It is clear that the first category will include detailed investigation, among a small sample, of family purchase and consumption patterns; since the health promoters, who will supply routine data, cannot provide all of the information necessary for evaluation of coupon disposition and other intermediate consumer behavior goals. (b) Investigation of methods for improving monitoring of nutrition status and surveillance of related variables. (c) Investigation of the effect on Nutrition plan objectives of some exogenous variables and future economic policies or mechanisms. If the Section is to provide timely and useful information to assist the National Food and Nutrition Council in advocacy of nutritional concerns, it must be able to sponsor quick studies of the nutritional consequences of proposed Government policies. These "nutritional impact" studies will be an important tool for assuring that impact of the National Nutrition Plan is not diluted by influence of policies and activities that are not part of it.

B. *Inputs*

This sub-project will require personnel staffing of six professionals in the central unit with statistical assistance to each Departmental DNP coordinator. This will be provided by the DNP Data Division. Some training and travel funds are needed in support of the unit. Computer time has been budgeted for those reports that cannot be handled by the small DNP in-house facility. Research and studies to be ordered by DNP have been estimated to run 5–10 per year at a cost of five to fifteen thousand dollars each and lasting between one and six months. They will be carried out by private and public institutions with experience in this field. The inputs for the Cauca Evaluation are included in that sub-project.

Technical Assistance will be provided for the entire 3 years of this project by U.S. entities specializing in nutrition research and evaluation and design of data information systems. The dollar inputs include the purchase of 11 typewriters and 14 calculators.

ESTIMATED FINANCIAL INPUTS
(US\$000)

	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Peso Costs								
Administration and Personnel	—	301	—	221	—	157	—	679
Computer-Time	6	—	14	—	11	3	31	3
Evaluation Studies	91	—	84	—	65	30	240	30
Subtotal	97	301	98	221	76	190	271	712
Dollar Costs								
Typewriters and Calculators	17	—	—	—	—	—	17	—
Technical Assistance	59	—	30	—	11	—	100	—
	76	—	30	—	11	—	117	—
SUB-PROJECT TOTAL	173	301	128	221	87	190	388	712

NOTE: Estimated exchange rate all tables: FY-77 \$36, FY-78 \$38 and FY-79 \$40.

V. CAUCA PILOT SUB-PROJECT AND EXPANSION

A pilot project will be developed in the Department of Cauca to test a multisector approach to nutrition improvement. This is to be used in the expansion of the program on a Department by Department basis, utilizing GOC and international funds. The nutrition project will be expanded with GOC and AID funds to Huila and Santander del Norte. The following are the principal outputs to be achieved in the three Departments programmed for AID Loan funds.

A. *Outputs*

1. *Cauca*

a. *Administration*

A Departmental committee will be established and funds controlled in accordance with the budget system described below. DNP has assigned a Departmental Coordinator and a general assistant to Cauca. The DNP coordinator will set up an office, with all such support as is necessary for him to perform the functions of executive secretary to the Departmental Committee, the coordination of project development by the implementing agencies, the establishment of contracts for technical assistance and evaluations, and the reporting requirements for the Evaluation sub-project previously described.

b. *Health*

This project will provide support for the establishment by the MOH Cauca Sectional Health Service of 29 MAC-1 units in Cauca. This will increase coverage for basic health services to an additional 150,000 persons in 13 counties. The increased availability of these services is expected to decrease infant mortality and morbidity; improve the health of pregnant and lactant mothers; increase the knowledge of the homemaker in food habits, food purchases, home sanitation, and food preparation; provide the whole family with a range of preventive and first aid health care unavailable before; improve the family's water supply and waste disposal methods; and provide transportation and referral to more sophisticated levels of health care.

c. *Rural Sanitation*

INAS through its Sectional office will construct 21 aqueducts and additions to provide coverage for 11,930 persons in four (4) counties. These services are expected to decrease diarrhea and other water-borne diseases sufficiently to reduce levels of malnutrition by approximately 20% in the communities covered. These kinds of results were found in nearby Candelaria, Valle in a Rockefeller study a few years ago.

d. *Nutrition and Mass Communication*

A campaign will be developed at two levels: (a) Promoters for face-to-face interaction following the system developed by the Ministry of Health and utilizing materials developed in this activity, and (b) mass communication by radio, visual aids, and newspapers of various public and private entities.

DNP will develop a national coordinating group or workshop made up of media personnel from various national private and public agencies to prepare a media strategy to be used in a coordinated way with opening and operation of Department programs. Operational responsibility will remain in DNP with media preparation and broadcasting done by the above agencies on a contract basis. Five geographic broadcasting areas have been established with broadcasts related to Cauca, originating in Cali, Valle. Printed media will be prepared, so that it can be used on both national and regional levels.

Media preparation will be based on the particular needs of Departmental programs; will include national campaigns for increasing use of high-nutritive-value processed and non-processed foods, improving home sanitation and health habits, extending the period of maternal lactancy, and providing a national impetus to improved nutrition; and will develop a regional focus in terms of local food habits, seasonal market availability of foods, and differing interventions that will be tried from time to time.

The Evaluation activity will test results from various media campaigns, so as to arrive at those which have the best yield in terms of improved nutrition and appropriate food use.

e. *Subsidized Feeding Programs* will be organized and current programs redirected to assist 12,000 pregnant and lactant mothers and 34,000 children 0-4 years of age at the end of 1979 in the Department of Cauca. This coverage represents 30% of all persons in this group. The GOC intends to continue direct feeding methods of the CARE and Caritas programs where community child feeding centers, nursery and day care centers, and ICBF community centers exist. In addition, the present semi-monthly distribution of foods to these priority groups in the selected counties will be phased-over to a food coupon program, functioning through commercial channels. Counties where income is insufficient and malnutrition is widespread have been determined. All pregnant and lactant mothers, all children 0-2 (except for 0-3 mos.) and malnourished children 2-4 in those counties will be selected as beneficiaries and receive the coupons. These beneficiaries will be able to purchase Bienestarina, Durayea (a commercial veg mix), Colombiharina, soy-fortified pastas, and other foods in fixed quantities with their stamps. Food processors will in turn redeem the stamps at Instituto de Fomento Industrial (IFI). The health system will monitor the effectiveness of coupons and graduate beneficiaries from the program when their nutrition status has improved. They will arrange health facility appointments for those malnourished persons who fail to show improvement under the program.

f. *An evaluation activity* will be established to report to the Departmental interagency committee on progress in these projects. Initially, the Evaluation and Analysis Section in the preceding sub-project will assist the committee, but later will turn an increasing share of such activities over to implementing agencies. One member of DNP evaluation staff will periodically visit Cauca to provide reporting inputs to the DNP Evaluation Section. He will also provide information and analysis of current nutrition status in the Department.

Several special studies are currently contemplated for this pilot project. They include: a cost comparison study of coupon food distribution and the direct government food distribution program, biomedical studies to determine iron and Vitamin A deficiencies before and after supplementation, the nutritional benefits of the fortification of Bienestarina with iron, the effectiveness of nutrition education programs (mass communication and face-to-face communication) without other interventions, testing of a pilot wholesale marketing chain for rural stores, and studies to determine how to reach Indian and coastal populations. This activity could be assisted by various entities that are doing nutrition research in the area.

2. Huila

This Department program will be quite similar to that in Cauca with the following principal differences. The DNP evaluation person at the local level will act also as the DNP coordinator and be placed in the Department Planning Office. The number of MAC-1 units to be created is 20 with a coverage of 110,000 persons, 16 rural aqueducts for 11,600 persons will be completed. The first year of funding for the mass communication and nutrition education program is included here and then that program will be funded under the IBRD Loan. The subsidized feeding program will reach 7,000 pregnant and lactant mothers and 18,000 preschool children through coupons and direct feeding programs. Evaluations will be carried out under the direction of the National DNP Evaluation Unit.

3. Norte de Santander

This program will be administered from an existing DNP Regional Office with the addition of an evaluation person. Health coverage will be enlarged with 30 new MAC-1 units covering 160,000 persons, 23 rural aqueducts for 8,000 persons will be completed. Mass communication and nutrition education will be provided for the first year under this project and then moved to IBRD funding. The subsidized feeding program will reach 9,000 pregnant and lactant mothers and 28,000 preschool children through coupons and direct feeding programs. Evaluations will also be from the Nation Office.

B. Inputs

1. Cauca

This sub-project will require a DNP office in the Department with office furnishings and operational costs. Health inputs for 29 MAC-1 units include: five new and improvement to 22 health posts, 285 promoters trained and equipped, purchase of 7,000 water filters and 34,000 latrines, 21 aqueducts will be constructed or enlarged. 1,600 hours of radio time; 28 films and slide presentations; and printing of posters, pamphlets, and other materials has been scheduled for nutrition education. Coupon coverage will reach 12,000 mothers and 34,000 preschool children in 1979. The evaluation component includes studies and Technical Assistance contracts during the loan period.

2. Huila

Principal inputs in this activity are: Health: 20 MAC-1 units with remodeling of 20 health posts, training and equipping of 122 promoters, and purchase of water filters and latrines. 16 aqueducts will be constructed or enlarged. Nutrition Education and communication materials will be prepared. Coupon coverage will reach 7,000 mothers and 18,000 preschool children in 1979.

3. Santander del Norte

Inputs in this activity are: Health: 30 MAC-1 units with remodeling of 30 health posts, training and equipping of 170 promoters, and purchase of 6,000 water filters and 27,000 latrines, 23 aqueducts will be constructed or enlarged. Nutrition education and communication materials will be prepared. Coupon coverage will reach 9,000 mothers and 28,000 preschool children in 1979.

Dollar costs for this sub-project include the purchase of 21 jeep ambulances and 10 water pumps.

ESTIMATED FINANCIAL INPUTS (US\$000)

Cauca—Peso Costs	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Administration (DNP)								
Personnel	—	33	—	34	—	35	—	102
Office Equipment	2	—	—	—	—	—	2	—
Operations	—	5	—	5	—	5	—	15
Total	2	38	—	39	—	40	2	117

<i>Cauca—Peso Costs</i>	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Health (MOH)								
Health post construction	52	—	—	—	—	—	52	—
Health post equipment	58	—	—	—	—	—	58	—
Materials and equip.—Promoters	103	53	—	—	—	—	103	53
Promoter training	24	—	—	—	—	—	24	—
Water filters and latrines	211	—	—	—	—	—	211	—
Operation costs new MAC-1	—	502	—	399	—	299	—	1,200
Total	448	555	—	399	—	299	448	1,253
Rural Sanitation (INAS)								
Aqueducts	160	20	123	33	90	50	373	103
Nutrition Ed. and Mass Communications (DNP)								
Radio	110	10	70	10	60	20	240	40
Audio Visuals	30	12	24	4	24	4	78	20
Printing	40	10	33	13	23	13	96	36
Total	180	32	127	27	107	37	414	96
Subsidized Feeding								
Coupon subsidy	—	907	—	978	—	717	—	2,602
Printing and delivery	116	—	97	—	50	21	263	21
Administration	10	—	10	—	6	5	26	5
Total	126	907	107	978	56	743	289	2,628
Evaluation (DNP)								
Personnel	—	16	—	14	—	14	—	44
Administration	5	6	—	5	—	5	5	16
Evaluation studies	90	20	35	—	25	—	150	20
Local Tech. Asst.	36	—	25	—	21	—	82	—
Total	131	42	60	19	46	19	237	80
TOTAL CAUCA	*1,047	*1,594	417	1,495	299	1,188	1,763	4,277

*All funds disbursed through IFI first FY.

ESTIMATED FINANCIAL INPUTS (US\$000)

<i>Huila—Peso Costs</i>	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Administration (DNP)								
Personnel (Eval. sub-projects) operation costs	—	5	—	—	—	5	—	15
Health (MOH)								
Health posts	11	—	15	—	—	—	26	—
PH-equipment	20	—	19	—	—	—	39	—
Equip. and Materials—Promoters	30	7	30	3	—	—	60	10
Promoter training	8	—	9	—	—	—	17	—
Water filters and latrines	67	—	53	—	—	—	120	—
Operation costs—MAC-1	—	73	—	269	—	211	—	553
Total	136	80	126	272	—	211	262	563
Rural Sanitation (INAS)								
Aqueducts	240	23	104	44	153	53	497	120
Nutrition Ed. and Mass Communication (DNP)								
Radio, A.V. and Printing	55	15	Will be funded on nat. level				55	15

ESTIMATED FINANCIAL INPUTS—Continued
(US\$000)

<i>Huila—Peso Costs</i>	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Subsidized Feeding (IFI)								
Coupon subsidy	—	77	—	441	—	410	—	928
Printing	10	—	46	—	30	11	86	11
Administration	1	—	4	—	2	2	7	2
Total	11	77	50	441	32	423	93	941
TOTAL—HUILA	442	200	280	762	185	692	907	1,654
<i>Santander del Norte</i>								
Administration (DNP)								
Existing DNP regional office 50%	—	80	—	80	—	80	—	240
Health (MOH)								
Health post	24	—	—	28	—	—	52	—
HP-equipment	41	—	16	—	—	—	57	—
Equip. and Materials—Promoters	100	10	37	5	—	—	137	15
Promoter training	20	—	9	—	—	—	29	—
Water filters and latrines	67	—	53	—	—	—	120	—
Operation cost—MAC-1	—	215	—	420	—	308	—	943
Total	252	225	143	425	—	308	395	958
Rural Sanitation (INAS)								
Aqueducts	130	23	60	20	45	25	235	68
Nutrition Ed. and Communications (DNP)								
Radio, AV and Printing	78	18	(funded in other program)				78	18
Subsidized Feeding								
Coupon subsidy	—	30	—	655	—	524	—	1,209
Printing and delivery	35	—	59	5	50	22	144	27
Administration	3	—	6	—	3	3	13	3
Total	38	30	65	660	53	549	156	1,239
TOTAL—SANTANDER DEL NORTE	498	376	268	1,185	98	962	864	2,523
TOTAL PESO COSTS—THREE DEPARTMENTS								
Cauca	1,047	1,594	417	1,495	299	1,188	1,763	4,277
Huila	442	200	280	762	185	692	907	1,654
Santander	498	376	268	1,185	98	962	854	2,523
Total	1,977	2,170	965	3,442	582	2,842	3,524	8,454
DOLLAR COSTS—THREE DEPARTMENTS								
Jeep Ambulances	147	—	—	—	—	—	147	—
Water Pumps	11	—	—	—	—	—	11	—
Total	158	—	—	—	—	—	158	—
SUB-PROJECT TOTALS	2,135	2,170	965	3,442	582	2,842	3,682	8,454

VI. TRAINING, TECHNICAL ASSISTANCE AND EXPERIMENTAL STUDIES SUB-PROJECT

A. Outputs

The programs of the Sub-Committee on Training, Technical Assistance and Experimental Projects of the National Food and Nutrition Council under this sub-project will be expanded to provide the following outputs. Seminars and workshops will be utilized to train professionals in nutrition planning. Graduate training in this area will be provided to persons working in agencies involved in the plan. In-country grants will support University Professor and graduate student research into nutrition problems in Colombia. University-community programs aimed at solving

local nutrition problems will be sponsored. It is hoped that results from the last two activities will be proven to have a wider application in correcting Colombia's nutritional gap.

Pilot studies and pilot interventions will be contracted which will explore future nutrition interventions on a small scale to determine if they can be adopted by the GOC. A small amount of technical assistance will be provided to assist the above efforts. Some observation trips have been included to see such new efforts in other countries.

B. Inputs

By the end of FY-79, 47 seminars and workshops will be held and a total of 1,300 professionals and university professors or 50,000 man/hours of training will be given in areas such as nutrition planning, applied nutrition, and program information and coordination.

Graduate training outside Colombia with a duration of one to two years will be given to professionals working with the Plan in areas such as nutrition planning, mass communication, food technology, food systems and food research. A total of 20 person-year training at a Masters and Ph.D. level will be scheduled during the 3 years of the project.

5 to 10 pilot studies and pilot projects per year will be developed which will provide new approaches for future national nutrition planning. Emphasis will be given to new alternatives that might improve on-going program implementation.

In-country research grants will be given to last year university students and university professors, as a way to promote interdisciplinary nutrition research and to link university work to applied nutrition programs at community level. Forty research grants including thesis work and interdisciplinary research will be accomplished, improving plan development and applied research.

Short-term technical assistance will be provided for new implementation approaches or innovative aspects of the Plan, which are more at a feasibility stage than a planning or implementation stage. Nine person-months will be contracted for these purposes.

Key people involved in implementation, will be selected to visit on-going nutrition programs in other countries that will help plan implementation. Nine person-months of visits will be accomplished during loan period.

ESTIMATED FINANCIAL INPUTS (US\$000)

	FY-77		FY-78		FY-79		Total	
	AID	GOC	AID	GOC	AID	GOC	AID	GOC
Peso Costs								
In-country seminar	33	41	15	18	—	17	46	
Research grants	—	20	—	18	—	40	—	
projects	75	400	72	126	52	118	—	
Subtotal	108	*461	87	162	52	175	247	
Dollar Costs								
Graduate training	120	—	85	—	—	—	205	
Technical assistance	6	—	6	—	6	—	18	
Occupational trips	—	—	5	—	—	—	6	
Subtotal	126	—	96	—	6	—	228	
SUB-PROJECT TOTAL	234	461	183	162	58	175	475	

*Note: These include '76 startup costs.

VII. VEGETABLE PROTEIN MIX SUB-PROJECT

A. Outputs

Through this sub-project the GOC will obtain the bulk of its for a high-protein veg mix to be used in its direct feeding and output programs. On or before January, 1978 three VPM plants with a production capacity of 30,000 MT (three shifts per day and 10,000 MT per year per plant should be operational). The plants will be self-contained units, each storage capacity for raw materials

and finished products, a bulk bagging unit for 20 kilo bags and a packaging facility to produce 500 gram packets. Quality, distribution and production control will be provided centrally by ICBF, or as determined by management contract. The utilization of the VPM will be monitored through coordination or/and the Nutrition Group of DNP. The effectiveness of the product itself as well as its distribution will be analyzed by the Evaluation Section of the Group.

The production of the three plants will be partly purchased by the GOC in accordance with section 3.02(2) above. It is estimated that ICBF will buy 20,000 tons directly in bulk sacks (20 kg.) by the end of 1979 to ship to the direct food distribution network at health posts and hospitals, infant care centers, nursery and primary schools and the coupon program will require 7,000 to 24,000 tons of all the PNAN products in small containers distributed through commercial channels and purchased by beneficiaries with coupons issued by the GOC. It is expected that additional production needed for this program and additional commercial sales will be handled by private contract with industry.

The plants will be owned by ICBF but the private sector will promote, develop, and manage the production of VPM. Because this aspect of the plant management has not been finalized, Condition Precedent 3.02 (3) above has been included.

B. Inputs

Three warehouse additions will be constructed adjacent to mixing facilities to accommodate 2,000 M/T of VPM. AID's loan will provide funds for one of the additions and the GOC will finance the other two. Additional modification to existing facilities will be in the form of block room divisions to facilitate processing, packaging, and steam generation equipment. All piping, ducting, and oil storage tank facilities for processing will be supplied and installed by local contractors and is included in costs of warehouse construction.

Each plant to be purchased will be a self-sufficient unit including equipment such as pneumatic and screw elevators, comitrols and disc mills, texturizing machines, vacuum dust collectors and exhaust fans, sifters, surge bins, blade mixers, bulk bag and pouch fillers, appropriate quality control and safety equipment, air compressor, water treatment system, drying equipment and steam generation plant as considered necessary.

Other commodity inputs are for fork lifts and van trucks for handling of material at all three plant sites and transportation of finished product from the plants to major distribution points.

Process and product technical assistance will be provided for the plant for the stipulated period under the purchase contract between the contractor and the GOC implementing agency ICBF.

FINANCIAL INPUTS (US\$000) (Does not include UNDP Inputs)

	FY-77		FY-78		FY-79		Totals
	AID	GOC	AID	GOC	AID	GOC	
Peso Costs							
Cost to purchase Direct Feeding Pro.**	—	3,000	—	6,370	—	10,400	*19,770
Working Capital	—	891	—	—	—	—	891
Plant Expansion	159	200	—	—	—	—	***359
Subtotal	159	4,091	—	6,370	—	10,400	21,020
Dollar Costs							
Processing Plant Equip.	***1,200	—	—	—	—	—	1,200
Transport Equip.	96	—	—	—	—	—	96
Subtotal	1,296	—	—	—	—	—	1,296
SUB-PROJECT TOTAL	1,455	4,091	—	6,370	—	10,400	23,316

* This total includes the demand from the three plants.

** This does not include needs for coupon program of VPM included in Cauca sub-project and estimated at 1,300 M/T in 77, 2,800 M/T in 78, and 4,900 M/T in 79.

*** This table is merely indicative of the equipment and plant expansion costs, final costs will be known when specific equipment is selected according to Colombian law.

VIII. ADMINISTRATION

The following administrative framework was set up to operate the GOC Nutrition Project. In Decree 1163 of 1975, the GOC established a National Food and Nutrition Council (NFNC) with the Chief of the National Planning Department as the presiding officer. Eleven Ministers and Institute Directors make up the rest of the Council. The job of the Council is to coordinate the Plan's implementing Agencies, advise the government on necessary methods to carry out the plan, advise the government on the plan's budget, recommend consumption levels for subsidized feeding, promote studies of the food and nutrition situation, promote the training of personnel, and define needed food and nutrition technologies. A budget implementation plan has been devised (see Part IV, B) to assure coordination of implementation agencies in carrying out the Plan.

Departmental Committees will be established with the Governor presiding and a Departmental Coordinator from the National Planning Department acting as the executive secretary. Five Directors of Ministry Sectional Offices or Institute Regional Offices will make up the rest of the committee. The job of the committee is to coordinate the activities of the institutions in each county, evaluate program implementation in each county based on DNP and local agency reports and recommend changes if necessary, maintain administrative control over Departmental agencies, make periodic evaluations of the coverage and impact of the plan, and develop physical targets on a monthly and annual basis based on the budget restrictions.

County committees will be formed in accordance with a study under the evaluation activity from the principal local representatives of the implementing agencies, the local government, and the Community Action Councils. They will be involved in control and execution of the plan, in development of local resources in support of plan infrastructure, and in evaluation of the plan's programs.

The National Planning Department, as executive secretary of the NFNC and with delegates in each Department, will play a key role in the implementation of the plan. It will provide the Council with quarterly reports on the impact and execution of the plan and an annual report on the Colombian nutrition situation by region (See following section). Its delegates will control flow of funds to Departmental Agencies, provide the Departmental data for the quarterly and annual reports, coordinate activities of implementing agencies, and develop information for the annual investment budget.

IX. FINANCIAL ADMINISTRATION

A. *Evaluation Sub-Project*

1. *Dollar Costs*

The direct dollar costs under this sub-project will be for technical assistance and purchase of office equipment. The GOC has indicated a desire to have AID contract for the required technical assistance services in order to expedite the process. After further refinement of a scope of work, and the selection of a mutually acceptable contractor, the GOC will authorize AID to act as its agent and enter into a contract or contracts. Standard AID PIO/T-contract procedures will be followed. Payments will be made directly by AID from the loan. Office equipment will be purchased in accordance with standard AID, Handbook 11 procurement procedures.

2. *Local Costs*

AID will finance the costs of special studies and computer time. An advance of funds will be made to a special account of the DNP. The advance will be equal to the DNP's projected expenditures for all activities in the first quarter. Subsequent disbursements into the account for the various activities will be supported by expenditure projections for the coming quarter and detailed on actual expenditures in the previous quarter.

For computer time, DNP will provide quarterly projections of expenditures as well as documents reflecting actual payments against which AID will make disbursements.

Special studies will be contracted for through FONADE. Funds disbursed to DNP will be based on the projected value of contracts. FONADE is expected to provide at the beginning of

each quarter reports with supporting documentation for contracts entered into the previous quarter. The scope of work, contractor and price for each study will be approved by AID in order to be eligible for financing.

B. *Cauca Regional Pilot Sub-Project*

1. *Dollar Costs*

The dollar costs under this sub-project will be the procurement of jeep-type ambulances in support of the health program and water pumps in support of the rural sanitation program. Standard Handbook 11 procedures will be used for procurement of the equipment by the implementing agencies. Payment will be made through the Letter of Commitment/Letter of Credit mechanism.

2. *Local Currency*

The DNP has proposed a system to control the annual budgets for each department and the flow of funds to the implementing agencies working on various aspects of the Nutrition program in each department. 1976 funds have already been allocated in the budget to initiate activities in Cauca. These funds have been given to IFI to disburse to implementing local agencies through contracts. This is an interim arrangement for 1976 and 1977.

In subsequent years the funds will be distributed amongst the implementing agencies under budget articles specifically designated for work in Cauca and entitled "National Nutrition Plan." The budget will be prepared by the departmental coordinating committees and transmitted to DNP for review and submission to the National Food and Nutrition Council.

Transfer of funds to Cauca (and later additional departments) will be on a quarterly basis. Initial transfers will be against estimated expenditures for the quarter with subsequent transfers supported by expenditure reports. Although funds will flow from the Treasury to special accounts at the national levels of the implementing agencies and thence to the regional offices of these agencies, the amounts transferred and the timing of the transfers will be controlled by DNP. In Cauca, for example, the Departmental Coordinating Committee will submit its quarterly request for funds to DNP for review. DNP will then instruct the Treasury to transfer funds to the Ministry of Health, INAS, ICBF, etc. These agencies will then transfer the funds to their departmental level offices. Should one agency lag behind in its work or use its funds inappropriately, the amount for the following quarter could be cut-off or reduced. Each agency will be required to submit detailed expenditure reports showing progress toward achieving the annual work plan.

It is not clear at this time precisely how AID funds will flow into the system. DNP can identify the amounts in each quarterly request for disbursement from the Departments which are to be funded by AID and then request AID to disburse this amount to the Treasury (Special Account in the Bank of the Republic). The funds will then move with GOC funds to the agencies and down to the department. The first such disbursement would be against a quarterly expenditure projection. Subsequent disbursement requests would be supported by expenditure reports.

Should DNP obtain approval for an alternative scheme, GOC can fund 100% of the first four to six months of activities in departments. AID funds would then be disbursed during the balance of year in fixed proportion with GOC funds such that AID's and the GOC's total disbursements for the year would be in correct balance as percentages of the total budget.

C. *Training, Technical Assistance and Experimental Projects Sub-Project*

1. *Dollar Costs*

Technical assistance will be contracted for by AID using standard PIO/T procedures. Payments will be made by AID directly from the loan. AID and DNP will develop scopes of work and select contractors. DNP will then authorize AID to enter into contracts.

The training participants will be selected by the DNP's Nutrition Training Committee. The Committee will pass the names of the participants approved for under the AID loan to the USAID/Colombia. The USAID will execute a contract with ICETEX, the Colombian agency that administers scholarship for external training programs, who will administer the training activities financed by

AID. ICETEX will prepare all documentation related to the training activities, be responsible for making periodic payment to the participants, and for conducting follow-up interviews and evaluations of the participants and the training programs. The USAID will advance funds to ICETEX to cover initial disbursements of the first training programs. These funds will be deposited in a special account which will have its own accounting system. Further disbursements by the USAID to this special training account in ICETEX will be made upon receipt of the USAID of a quarterly statement of expenditures to date and expected costs during the next quarter, which ICETEX will prepare for the USAID and DNP.

In certain cases, training may be obligated by AID using standard PIO/P procedures.

2. *Local Costs*

FONADE will contract for studies, experimental projects and in-country seminars. AID will make an initial disbursement against the estimated value of contracts to be executed by FONADE during a quarter. Subsequent disbursements will be supported by expenditure reports. All programs to be financed by AID under this activity will be approved by AID.

D. *VPM PLANT*

1. *Dollar Costs*

ICBF will procure the VPM plant and auxiliary equipment in accordance with AID Handbook 11. Payment will be by the standard Letter of Commitment/Letter of Credit mechanism.

2. *Local Costs*

After reviewing and approving the plans and cost estimates for modification of those plants in which the new equipment will be installed and for warehouses, AID will advance funds to ICBF. Subsequent disbursements will be made against progress and expenditure reports.

X. *EVALUATION*

Representatives of the Government of Colombia and USAID will meet annually to evaluate the progress of the project in achieving its purposes and goal. The various reports prepared under the evaluation sub-project and the evaluation activity of the Cauca sub-project will be used as the basis for the annual evaluation. USAID will provide to the implementing agencies copies of a Logical Framework setting forth indicators of goal and purpose achievement by which progress can be assured.
