

No. 25960

**SPAIN
and
ECUADOR**

**Financial Protocol for the construction of electrical lines
and sub-stations. Signed at Quito on 10 November 1986**

Authentic text: Spanish.

Registered by Spain on 2 June 1988.

**ESPAGNE
et
ÉQUATEUR**

**Protocole financier relatif à la construction de lignes et de
sous-stations électriques. Signé à Quito le 10 novembre
1986**

Texte authentique : espagnol.

Enregistré par l'Espagne le 2 juin 1988.

[TRANSLATION — TRADUCTION]

FINANCIAL PROTOCOL¹ BETWEEN THE KINGDOM OF SPAIN AND THE REPUBLIC OF ECUADOR

With the sincere desire of strengthening the traditional ties of friendship and co-operation which link the two countries, the Government of the Kingdom of Spain and the Government of the Republic of Ecuador have agreed to sign a Financial Protocol the provisions of which are as follows:

Article I. AMOUNT OF CREDIT AND PURPOSE

The Government of the Kingdom of Spain shall make available to the Government of Ecuador credit facilities in the amount of up to \$US 25 million to finance the acquisition of equipment originating in the Kingdom of Spain and exported by FOCOEX, S.A., to be used for the construction of electrical lines and substations under phase D of the Sistema Nacional de Transmisión (National Transmission System), designed to promote a link-up between the electricity networks of Ecuador and Colombia. These financial facilities shall be made available as follows:

- A soft loan from the Government of the Kingdom of Spain of up to \$US 10 million;
- Bank loans at commercial lending rates, guaranteed by the Spanish Government, of up to \$US 15 million.

Article II. PROCEDURES FOR UTILIZATION OF THE FINANCIAL FACILITIES

The equipment shall be financed through the combined use of loans from the Government of the Kingdom of Spain, on the one hand, and guaranteed bank loans, on the other.

a. The amount which may be drawn from the loans provided by the Spanish Government shall be set at 40 per cent of the amount transferable to Spain for the acquisition of Spanish equipment. The advance provided each time a request is made shall be no less than 10 per cent of the amount transferable to the Kingdom of Spain for the acquisition of Spanish equipment. Such advances shall be drawn from the loan provided by the Government of the Kingdom of Spain and from the guaranteed bank loans.

b. The guaranteed bank loans shall cover 60 per cent of the transferable portion, including up to 15 per cent of the project total in local expenditures.

Article III. TERMS AND CONDITIONS OF THE FINANCIAL FACILITIES

a. The interest rate on loans provided by the Government of the Kingdom of Spain shall be 2 per cent on the amount outstanding; the loans shall have a maturity of 30 years and shall be repayable in 40 equal and consecutive semi-annual instalments, the first instalment falling due 120 months after the end of the quarter during which the first withdrawal is made, whatever the amount.

¹ Came into force on 10 November 1986 by signature, in accordance with article VI.

b. Interest shall be calculated from the date of each withdrawal and shall be due and payable semi-annually.

c. A loan contract in application of this Protocol between the Instituto de Crédito Oficial de España (Authorized Credit Institute of Spain) and the Ministry of Energy and Mining, through the Instituto Ecuatoriano de Electrificación (INECEL), beneficiaries of the loans guaranteed for this purpose by the Ministry of Finance, on behalf of the Ecuadorian Government, shall specify the conditions for the use and repayment of the loans from the Spanish Government and shall establish the procedures for payment of the interest on loan arrears.

d. The guaranteed bank loans shall be repayable in 20 equal and consecutive semi-annual instalments; the first instalment shall be due six months following the conclusion of the outfitting activities.

The interest rates in respect of those loans shall be the customary rates applied by the OECD system, which are in force at the time the commercial loan contracts are signed.

e. The loan from the Government of the Kingdom of Spain shall be granted and shall be repaid in United States dollars. Similarly, the guaranteed bank loans shall be granted and repaid in the same currency. The contract amounts shall also be expressed in this currency.

Article IV. EXECUTION DEADLINES

In order to benefit from the loans referred to in article I, the contracts must be signed no later than six months from the date on which this Agreement is signed.

The aforementioned contracts shall be signed, on the Ecuadorian side, by INECEL and, on the Spanish side, by Fomento de Comercio Exterior (FOCOEX).

If necessary, this deadline may be extended at the request of the Ecuadorian Government and with the agreement of both Governments.

Article V. TRANSPORT AND INSURANCE

Contracts financed within the framework of this Protocol shall be invoiced at free on board prices.

Shipping and insurance costs shall be financed as stipulated in article II, using the loans from the Government of the Kingdom of Spain and the guaranteed bank loans, where:

- The transport is undertaken with a bill of lading issued by a Spanish or Ecuadorian shipping company and certified as such by the authorities of the respective merchant marines;
- The insurance contracts are issued by companies domiciled in Ecuador.

Article VI. DATE OF ENTRY INTO FORCE

This Protocol shall enter into force on the date on which it is signed by both Parties.

DONE at Quito, on 10 November 1986, in duplicate in the Spanish language, both texts being equally authentic.

Ad referendum

[Signed]

CARLOS SOLCHAGA
Minister of Economic
and Financial Affairs of Spain

[Signed]

HERNAN VEINTIMILLA
Acting Minister for Foreign
Affairs of Ecuador
