DEVELOPMENT LOAN AGREEMENT BETWEEN
THE GOVERNMENT OF CANADA

AND

THE GOVERNMENT OF THE DOMINICAN REPUBLIC

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THIS AGREEMENT MADE IN DUPLICATE THE 27 November 1980

BETWEEN: THE GOVERNMENT OF THE DOMINICAN REPUBLIC (hereinafter

called "the Dominican Republic" acting through the Secretary

of State for Agriculture

and THE GOVERNMENT OF CANADA

(hereinafter called "Canada" acting

through the Canadian International

Development Agency hereinafter called "CIDA").

DEVELOPMENT LOAN AGREEMENT

WHEREAS the Dominican Republic wishes to establish a general line of credit for purchase of materials, equipment, machinery or services, as described in more detail in Article II and Annex "A" of this agreement; AND WHEREAS Canada is willing to make a development loan for the purpose of establishing a line of credit available for this purpose on the terms and conditions provided herein:

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

THE, LOAN

Section 1.01

Canada shall make available to the Dominican Republic on the terms and conditions hereinafter set forth a development loan for establishing a line of credit in an amount not to exceed two million two hundred thousand Canadian dollars (Can \$2,200,000).



Section 1.02

Canada shall open on its books a loan account in the name of the Dominican Republic and shall credit to such account the full amount of the loan. Withdrawals, payments and disbursements may be made from the loan account in accordance with the provisions of this agreement.

Section 1.03

The Dominican Republic will pay interest at the rate of three percent (3%) per annum on the amount of the Loan drawn by the Dominican Republic and outstanding. The loan will be exempt from any contract, commission or administrative charges.

Section 1.04

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Repayment of the principal of the Loan shall be made in forty-six (46) semi-annual instalments each due and payable on March 31 and September 30 of each year, from March 31, 1988 to September 30, 2011. Each of the first forty-five (45) semi-annual payments shall be in the amount of (\$48,000) and the final instalment shall be in the amount of (\$40,000).

Section 1.05

Payment of the interest shall be made in semi-annual instalments due and payable on March 31 and September 30 of each year, as of the first withdrawal of the principal.

Section 1.06

All the payments and reimbursements mentioned in the present loan agreement shall be applied first to payment of the accrued interest and then to repayment of the principal.

Section 1.07

The Dominican Republic shall have the right to prepay the principal in whole or in part on any date without notice to Canada. The amount of any prepayment shall be applied on the instalments of the principal the remaining payable in the reverse order of their maturity.



Section 1.08

All payments and repayments as set forth herein shall be made by the Dominican Republic in Canadian dollars to the Receiver General for Canada and shall be deemed to have been paid when received by the Receiver General for Canada.

Section 1.09

The principal of the loan and the interest shall be paid to Canada without any deduction whatsoever and more particularly shall be free from any taxes, charges or other restrictions imposed under the laws of the Dominican Republic and those in effect in its territory or administrative, political and judicial divisions or subdivisions.

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Section 1.10

The Dominican Republic agrees that it will negotiate, at the request of Canada, concerning acceleration of payments to the Receiver General for Canada to be made under this agreement at any time within six (6) months before the first payment of principal becomes due and payable. The Dominican Republic and Canada shall mutually determine whether such acceleration should take place on the basis of the capacity of the Dominican Republic to service a more rapid liquidation of its obligations in the light of its internal and external financial and economic position.



ARTICLE II

USE OF THE LOAN

Section 2.01

Except as may otherwise be specifically agreed to by Canada, the procesds of the loan shall be used by the Dominican Republic exclusively for the purchase of materials, equipment, industrial machinery, spare parts or services from Canadian suppliers and may be used to meet the costs for insurance, ocean shipping, and in exceptional circumstances for air freight. Eligible purchases shall be described in Annex "A", and procedures for administration, purchasing and payment shall be those set forth in Annex "B".

Section 2.02

Except as may otherwise be specifically agreed to by Canada, the goods and services to be financed from the proceeds of the loan shall be procured in Canada and the total of all transactions thus financed, excluding freight and insurance costs, shall have a Canadian content of not less than sixty-six and two-thirds per cent (66 2/3%).

Section 2.03

Goods and services contracted for prior to the effective date of this agreement may not be financed out of the proceeds of the loan except as may otherwise be agreed to by Canada.

Section 2.04

The Dominican Republic shall exempt from all taxes, fees or customs duties all equipment and services procured from the proceeds of the present loan agreement.

ARTICLE III

WITHDRAWALS OF PROCEEDS OF LOAN

Section 3.01

Withdrawals shall be deemed to occur on the dates on which payments are made by Canada either directly to the Dominican Republic or its designated agent, or to a firm or a banking institution.

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Section 3.02

Subject to the conditions and limitations set forth, the Dominican Republic shall be entitled to withdrawals from the loan account in such amounts as are required to meet the reasonable costs of the spare parts, equipment, machinery or services related thereto which are eligible for financing, as the costs become due and payable.

Section 3.03

The Dominican Republic or its designated agent shall provide Canada with a copy of each invitation to tender, contract or purchase order for the procurement of spare parts, equipment, machinery or related services in respect of which any withdrawal is to be made.

Section 3.04

The Dominican Republic or its designated agent shall furnish, or cause to be furnished, to Canada such documents and other evidence in support of its application for withdrawal as Canada may reasonably request, such evidence to be sufficient in form and substance to establish that the amounts to be withdrawn are properly related to the purposes of this agreement.

Section 3.05

Withdrawal from the loan account may be made in favour of persons or agencies designated by the Dominican Republic and accepted by Canada.

ARTICLE IV

CANCELLATION AND SUSPENSION

Section 4.01

The Dominican Republic may, by sixty (60) days written notice to Canada, cancel all or any part of the losn not withdrawn by the Dominican Republic prior to the giving of such notice and not required to meet outstanding financial obligations to suppliers or firms incurred from the loan.

Section 4.02

If any of the following events occur, Canada may suspend in whole or in part the right of the Dominican Republic to make withdrawals from the loan account, or declare the principal outstanding due and payable immediately end cancel that part of the loan not previously withdrawn:

- (a) a default by the Dominican Republic in the payment of principal or in any other payments or repayments required under this agreement and the Annexes hereto;
- (b) a default on the part of the Dominican Republic in the performance of any other undertakings under this agreement;
- (c) any extraordinary situation which renders it impossible for the Dominican Republic to perform its obligations under this agreement.

Section 4.03

If the full amount of the logh is not committed by 31 Dec. 1983 the balance shall be cancelled and the final instalments of the repayment to be

ARTICLE V

GENERAL UNDERTAKINGS

Section 5.01

The Dominican Republic and Canada shall each ensure that this agreement is carried out with due diligence and efficiency and each shall furnish to the other all such information as shall reasonably be requested.

Section 5.02

The Dominican Republic shall afford accredited representatives of Canada all reasonable means to visit any part of the territories of the Dominican Republic for purposes related to this loan agreement.



Section 5.03

This agreement and any Annex hereto shall be free from any taxes, fees or other charges that may be imposed under the laws of the Dominican Republic or those in effect in its administrative, political or judicial divisions or subdivisions in connection with the execution, issue, delivery and registration thereof.

Section 5.04

The Dominican Republic shall at all times provide or cause to be provided as needed all other monies and resources which may be required to implement this agreement.

ARTICLE VI

COMMUNICATIONS

Section 6.01

Any communication or document given, made or sent by either the Dominican Republic or Canada pursuant to this agreement or any Annex hereto shall be in writing and shall be deemed to have been duly made or sent to the party to which it is addressed at the time of its delivery by hand, mail, telégram, cable or radiogram at its respective address, namely:

For the Dominican Republic:

- Postal address: Secretaria de Estado de Agricultura

Departamento de Coordinacion de Programas y Recursos Externos

Centro de los Héroes

Santo Domingo, Républica Domicana

- Cable address: CAFCAO 4390 (RCA), CAFCAO 3460535 (ITT)

For Canada:

- Postal address: Canadian International Development Agency

200 Promenade du Portage Hull (Québec) Canada

KIA DG4

- Cable address: CIDA/HULL

Section 6.02.

Any one of the parties hereto may, by notice to the other party hereto, change the address to which any notice or request intended for the party so giving such notice, shall be sent.

Section 6.03

All communications and documents submitted to Canada shall be in the Spanish and English, and all technical specifications therein shall be in terms of Canadian standards except where Canada may agree otherwise in writing.

Section 6.04

This agreement and the Annexes which form an integral part hereof, may be amended upon agreement of the parties concerned. Any amendment to the main body of the agreement shall be executed by a formal amendment signed by the authorized representatives. However, amendments to the Annexes may be made by an exchange of letters between the Departamento de Coordinacion de Programas y Recursos Externos de la Secretaria de Estado de Agricultura and CIDA.



IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

Done in duplicate at anh Domingo this day of 2 November 1980 in English and Spanish languages, each version being equally authentic.

On behalf of the Government of the Dominican Republic

On behalf of the Government of Canada

John Kegin,

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ANNEX "A"

of the loan agreement concluded the day of 198 between the Government of the Dominican Republic and the Government of Canada.

USE OF THE LOAN

- 1 The proceeds of the loan shall be used to finance the costs of
 - (a) purchases in Canada of farm equipment and machinery, road construction and maintenance equipment, irrigation system, construction and maintenance equipment, and related spare parts.

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- (b) Canadian services related to the assembly or installation of the goods described in paragraph (a) above;
- (c) marine shipment and insurance of the goods mentioned above from the Canadian port of exit to the port of entry in the Dominican Republic; and
- (d) the cost of the services of a Canadian consultant.
- The proceeds of the loan may not be used for purchase of:
 - (a) machinery, equipment or other goods specifically excluded by Canadian export regulations;
 - (b) arms, armaments, firearms, ammunition, nor any equipment, machinery or materials that could be used for the production of said items;
 - (c) machinery, equipment or materials intended directly or indirectly for production or utilization of atomic energy or its applications or for development of nuclear, atomic or strategic arms;
 - (d) foodstuffs; or
 - (e) luxury items that cannot be considered essential to development.

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ANNEX "B"

of the loan agreement concluded the day of 198 between the Government of the Dominican Republic and the Government of Canada.

ADMINISTRATION PURCHASING AND PAYMENT PROCEDURES

I Administration procedures

The Dominican Republic shall

- a) delegate the responsibility for the administration, control and allocation of losn proceeds to the Departments de Coordinacion de Programas y Recursos Externos de la Secretaria de Estado de Agricultura in accordance with the conditions of this agreement;
- b) notify CIDA in writing of the names and titles of those persons authorized to sign on behalf of the Dominican Republic; and
- c) promote use of the goods and services procured from the proceeds of the loan for the agricultural development of the country.

II Selection of Canadian Consultant

- a) Unless otherwise agreed by Canada the selection of Canadian contract representative to carry out the necessary purchasing services shall be made on the basis of written proposals solicited from competent and interested Canadian firms or individual consultants approved in advance by Canada. The scope of work will be jointly defined by the Dominican Republic and CIDA.
- b) The Dominican Republic may propose for the consideration of CIDA two names of Canadian consultants or firms
- c) The evaluation of the proposals requested by CIDA, and the selection of the firm or individual shall be made by CIDA on the basis of:
 - (i) the qualification of the firm to undertake the assignment;
 - (ii) the projects of the same type that the firm has successfully completed in the past;
 - (iii) the size and quality of the staff of the firm;
 - (iv) the volume of work now on hand and the extent to which the necessary qualified staff will be available;



- (v) the number and qualifications of the firm's personnel who are to be used on the project, the periods of their use and the proportion of permanent to temporary staff;
- (vi) the firm's or individual's proposed method of job implementation and control.

III Purchasing procedures

The Dominican Republic shall

- a) ensure procurement is done in prompt and diligent manner, utilizing the services of a representative;
- b) obtain instructions and authorization from CIDA before opening negotiations for acquisition of the goods and services described in Article II of this loan agreement and in Annex "A" thereto;
- c) call tenders in Canada through its agent, for all transactions unless otherwise authorized in writing by CIDA. The Dominican Republic shall inform CIDA of the outcome of the tender call;
- d) ensure that a copy of the proposed invitation to tender, together with a list of Canadian suppliers to be invited to tender, are forwarded by the representative to the Canadian International Development Agency for approval;
- e) ensure that all invitations to tender and requests for price confirmation contain all necessary information of the goods and services sought, including description, technical specifications, terms of delivery and any other details which may affect the price.

 This information shall be given in accordance with Canadian standards;

 f) ensure that each Canadian supplier invited to tender is instructed:
 - (i) to send a copy of his tender to the Canadian International

 Development Agency at the same time as the tender is forwarded
 - to the representative;
 - (ii) to include with the copy of the tender sent to the Canadian International Development Agency, a completed Canadian content form;

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- (iii) not to send copy of the Declaration of Canadian Content form with the tender submitted to the Purchasing agent with the exception of the information contained in Item seven (7) of the Canadian content form;
- (iv) to include in its tender the following notation: "We certify that the goods ordered hereby are for export. The invoiced price shall exclude Sales Tax and refundable Customs Duty and Excise Tax paid on the goods or on parts, and components incorporated in the goods. The goods are covered by Canadian International Development Agency project number ":
- (v) to specify in its tender documents that the prices shall be indicated FAS Canadian Port (s) of origin and CIF Dominican Port (s) of entry;
- (vi) that on items of sole source, prices are to be negotiated and that the suppliers are to provide CIDA with a fair price declaration;
- (vii) that the prior concurrence of the Canadian International Development Agency is to be obtained before awarding procurement contracts.
- h) ensure that the lowest tender is accepted, provided specifications and other conditions are met;
- i) ensure that a copy of each purchase order is sent to CIDA at the same time as it is sent to the supplier or to the supplier's agent; and
- j) provide CIDA with a certificate attesting that the goods and services may be financed from the proceeds of the loan.

IV Payment procedures

Payments to Canadian suppliers and/or Purchasing agent shall be made by withdrawals from the loan account established pursuant to Article I of this agreement, in accordance with following procedures:

a) Upon receipt of a purchase order or contract, CIDA shall send a confirmation of purchase order to each Canadian supplier for each transaction conducted by the Dominican Republic or its representative.

- Canadian supplier shall specify that payment is to be made directly by CIDA upon receipt of copies in triplicate of the invoices from the suppliers, copies of non-negotiable shipping documents and any other documents, which may be considered necessary to ensure that the goods and services supplied mest specifications and other conditions set down in the purchase order issued by the Dominican Republic or its representative.
- c) CIDA shall make direct payment to Canadian suppliers covering the costs of materials and equipment on receipt of invoices in triplicate, together with evidence of delivery to a Canadian port. Copies of non-negotiable ocean/air freight bills of lading or proof of delivery to freight forwarder shall be accepted as evidence of delivery to a Canadian port, or, where necessary for the purchasing agent to negotiate progress payments with the Canadian suppliers, CIDA will make payment in accordance with the terms and conditions of the contract.
- d) When the facilities of a freight forwarder are employed, invoices covering services are to be submitted to CIDA for payment. Such invoices are to be accompanied by a non-negotiable bill of lading showing freight charges and a copy of the insurance certificate.

Freight and insurance

- a) The Dominican Republic or its representative agrees to specify when calling for tenders or in price confirmations that the prices shall be indicated FAS Canadian Port (s) of origin and CIF Dominican Port (s) of entry and that Canadian suppliers or the designated shipping forwarder shall be responsible for paying for freight and insurance prior to shipping;
- b) The Dominican Republic and/or its representative shall be responsible for preparing and submitting claims to the carrier, the insurence company of the Canadian suppliers for incomplete deliveries, and for any losses or damages;

- c) The Dominican Republic shall ensure:
 - (i) that all ships carrying goods procured under the terms of this loan are allowed to berth without delay, and are unloaded as quickly as possible, within the normal number of lay-days for the type of freight in question;
 - (ii) that all goods obtained under this loan are given priority of clearance through customs and are sent on to their destination as quickly as possible; and
 - (iii) when compensations or other payment are made as a result of claims for loss or damage under an insurance policy, that CIDA is notified immediately of such payments or compensations and that such proceeds are used to replace the goods or a portion thereof with merchandise of a similar nature from a Canadian source. In the event the Dominican Republic defaults in such replacement, an amount corresponding to the compensation or other payments shall be used by the Dominican Republic to prepay the loan, as provided for in section 1.05 of Article I of this loan agreement.