

DEVELOPMENT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE REPUBLIC OF EL SALVADOR

BETWEEN: THE GOVERNMENT OF CANADA (hereinafter called "Canada") acting through the Canadian International Development Agency (hereinafter called "CIDA")

AND: THE GOVERNMENT OF THE REPUBLIC OF EL SALVADOR (hereinafter called "El Salvador") acting through the Ministerio de Salud Pública Asistencia Social

DEVELOPMENT LOAN AGREEMENT

WHEREAS: El Salvador, within the context of a rural water supply project involving El Salvador, the Interamerican Development Bank and CIDA, wishes to establish a line of credit for purchases 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 El Salvador on the terms and conditions hereinafter set forth a development loan for establishing a line of credit in an amount not to exceed one million two hundred thousand Canadian dollars (Cdn \$1,200,000).

Section 1.02

Canada shall open on its books a loan account in the name of El Salvador 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.

Sections 1.03

This loan shall be free of interest, commitment or service charges.