

No. 6939

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
ETHIOPIA**

**Development Credit Agreement—*Third Highway Project*
(with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Imperial Highway Authority). Signed at Washington, on 27 February 1963**

Official text: English.

Registered by the International Development Association on 24 September 1963.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
ÉTHIOPIE**

Contrat de crédit de développement — *Troisième projet relatif au réseau routier* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et l'Administration impériale des ponts et chaussées). Signé à Washington, le 27 février 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 24 septembre 1963.

No. 6939. DEVELOPMENT CREDIT AGREEMENT¹ (*THIRD HIGHWAY PROJECT*) BETWEEN THE EMPIRE OF ETHIOPIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 27 FEBRUARY 1963

AGREEMENT, dated February 27, 1963, between EMPIRE OF ETHIOPIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a Loan Agreement dated September 13, 1950² and a Loan Agreement dated June 28, 1957³ (hereinafter called the Second Highway Project), each between the Borrower and International Bank for Reconstruction and Development (hereinafter called the Bank), the Bank made loans to the Borrower for the construction, rehabilitation, repair and maintenance of its highway system ;

WHEREAS the Borrower proposes to continue the development of its highway system by completing its present program and engaging in a further program of construction, improvement and maintenance of roads included in the highway system ; and

WHEREAS the Association has agreed to make a credit to assist in financing such programs ;

NOW THEREFORE, the parties hereto agree as follows :

Article I

DEVELOPMENT CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961⁴ (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement or any schedule thereto :

¹ Came into force on 27 August 1963, upon notification by the Association to the Government of Ethiopia.

² United Nations, *Treaty Series*, Vol. 157, p. 213.

³ United Nations, *Treaty Series*, Vol. 286, p. 307.

⁴ See p. 304 of this volume.

- (a) the term "the Authority" means the Imperial Highway Authority, an agency of the Borrower created by the Highway Authority Proclamation, 1950 (Proclamation No. 115 of 1951) of the Borrower ;
- (b) the letters and sign "Eth. \$" means dollars in the currency of the Borrower ; and
- (c) the term "Project Agreement" means the agreement between the Association and the Authority of even date¹ herewith, providing *inter alia* for the carrying out of the Project.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to thirteen million five hundred thousand dollars (\$13,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Regulations.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account (i) such amounts as shall have been expended for the reasonable foreign exchange costs of the Project and (ii) if the Association shall so agree, such amounts as shall be required by the Borrower to meet the reasonable cost of the foregoing ; provided, however, that no withdrawals shall be made on account of expenditures prior to March 1, 1963.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be payable semiannually on May 1 and November 1 in each year.

¹ See p. 304 of this volume.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each May 1 and November 1 commencing November 1, 1973, and ending May 1, 2013, each installment to and including the installment payable on May 1, 1983 to be one-half of one per cent ($1/2$ of 1%) of such principal amount and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Section 3.03. The Project will be carried out by the Authority in accordance with the Project Agreement.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall cause the Authority punctually to perform all the covenants and agreements on its part to be performed as set forth in the Project Agreement, shall take or cause to be taken all action which shall be necessary in order to enable the Authority to perform such covenants and agreements and shall not take any action that would interfere with the performance by the Authority of such covenants and agreements.

Section 4.02. The Borrower shall make the proceeds of the Credit or the equivalent thereof available to the Authority and shall at all times make or cause to be made available to the Authority, promptly as needed, all sums which shall be required for the carrying out and maintenance of the Project, all such proceeds and sums to be made available on terms and conditions satisfactory to the Borrower and the Association.

¹ See p. 300 of this volume.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.04. This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Section 4.05. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified or referred to in paragraph (b) or paragraph (j) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 5.02 (j) of the Regulations, the following additional event is specified :