

No. 8255

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
AFGHANISTAN**

Development Credit Agreement—*Education Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 23 November 1964

Official text : English.

Registered by the International Development Association on 13 July 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
AFGHANISTAN**

Contrat de crédit de développement — *Projet relatif à l'enseignement* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 23 novembre 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 juillet 1966.

No. 8255. DEVELOPMENT CREDIT AGREEMENT¹ (*EDUCATION PROJECT*) BETWEEN THE KINGDOM OF AFGHANISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 23 NOVEMBER 1964

AGREEMENT, dated November 23, 1964, between the KINGDOM OF AFGHANISTAN (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in financing a project for the construction and equipment of seven technical and vocational schools in the territories of the Borrower ; and

WHEREAS the Association has agreed to make a Credit to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(a) Section 3.01 is deleted and the following new Section is substituted therefor :

"SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

"(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

"(i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower,

¹ Came into force on 2 March 1966, upon notification by the Association to the Government of Afghanistan.

² See p. 174 of this volume.

in such currency or currencies as the Association shall from time to time reasonably select ;

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(c) Section 3.04 is renumbered as Section 3.05.

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, unless the context shall otherwise require, the following term shall have the following meanings :

The term “Project Item Submissions” refers to the three documents entitled “Requirements for the School Center Kabul”, “Requirements for the School Center Kunduz” and “Requirements for the School Center Herat”, all dated October 1964, submitted by the Borrower to the Association.

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 three million five hundred thousand dollars (\$3,500,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit 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, this Agreement and the Regulations.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and of the Regulations, to withdraw from the Credit Account :

(a) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project ;

- (b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out Part B of the Project and not included in the foregoing ; and
 - (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs ;
- Provided*, however, that withdrawals shall not be made on account of expenditures :
- (i) for any part of the Project (including Part D) :
 - (a) prior to the date of this Agreement ; or
 - (b) after the date of this Agreement unless and until the Ministry of Education has appointed a Project Coordinator satisfactory to the Association, upon terms and conditions satisfactory to the Association, to administer the Project ; or
 - (c) after November 12, 1965 unless and until ratification of this Agreement has been obtained from the Parliament of the Borrower ; and
 - (ii) for Part D of the Project unless and until the Ministry of Education has concluded an agreement with an agency or agencies satisfactory to the Association to provide the expatriate teachers and arrange for the training referred to in Part D of the Project.

Section 2.04. 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 of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each April 15 and October 15 commencing October 15, 1974 and ending April 15, 2014, each instalment to and including the instalment payable on April 15, 1984 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF THE 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 Schedule to this Agreement. The specific goods to which the proceeds of the Credit are to be applied 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.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due speed and efficiency, in conformity with sound technical standards and with due regard to economy, and shall cause the educational institutions referred to in Part A of the Project to be operated so as to achieve the educational objectives agreed upon between the Borrower and the Association.

(b) The Borrower shall cause the physical plant and equipment of the institutions mentioned in Part A of the Project to be maintained and shall cause from time to time all necessary renewals and repairs to be made thereto.

(c) Except as the Association shall otherwise agree, in the carrying out of the Project the Borrower shall employ or cause to be employed qualified and experienced architects, advisers and specialists acceptable to the Borrower and the Association, upon terms and conditions satisfactory to the Borrower and the Association.

(d) Except as the Association shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors acceptable to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(e) Upon request from time to time by the Association, the Borrower shall without delay cause to be furnished to the Association the reports, plans, specifications, contracts and work schedules for the construction referred to in Part B of the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(f) The Borrower shall at all times make or cause to be made available immediately as needed all sums and other resources required for the carrying out of the Project and for the operation of the educational institutions mentioned in Part A of the Project.

Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives (who may be authorized representatives of the United Nations Educational, Scientific and Cultural Organization) to inspect