

No. 8278

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
ETHIOPIA**

Development Credit Agreement—*Education Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 16 February 1966

Official text: English.

Registered by the International Development Association on 21 July 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
ÉTHIOPIE**

Contrat de crédit de développement — *Projet relatif à l'enseignement* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 16 février 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 21 juillet 1966.

No. 8278. DEVELOPMENT CREDIT AGREEMENT¹ (*EDUCATION PROJECT*) BETWEEN THE EMPIRE OF ETHIOPIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 16 FEBRUARY 1966

AGREEMENT, dated February 16, 1966 between the EMPIRE OF ETHIOPIA (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 a number of schools and teacher-training and technical institutes in the territories of the Borrower; and

WHEREAS the Association has agreed to make for the purpose 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

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) The second sentence of Section 2.02 is amended by deleting the words " at the same rate " and substituting therefor the words " at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum ".

(b) 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the

¹ Came into force on 22 June 1966, upon notification by the Association to the Government of Ethiopia.

² See p. 62 of this volume.

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, 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. ”

(c) 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. ”

(d) Section 3.04 is renumbered as Section 3.05.

(e) Section 8.04 is deleted.

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 seven million two hundred thousand dollars (\$7,200,000).

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, the Development Credit Agreement.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, 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) such amounts as shall be the equivalent of 47 per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Association) of such amounts as shall have been expended for the reasonable costs of goods required for carrying out the Project and not included in the foregoing subparagraph (a); 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 prior to the date of this Agreement.

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.

Section 2.05. Service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semiannual instalments payable on each May 1 and November 1 commencing May 1, 1976 and ending November 1, 2015, each instalment to and including the instalment payable on November 1, 1985 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 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.

Section 3.02. The specific schools and institutes included in the Project and the locations thereof 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 diligence and efficiency, and in accordance with sound technical, administrative and financial practices, and shall cause the educational institutions referred to in the Project to be operated so as to promote the educational objectives of the Borrower.

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

(c) 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.

(d) Upon request from time to time by the Association, the Borrower shall promptly cause to be furnished to the Association the reports, plans, specifications, contracts and work schedules for construction included in the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(e) 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 effective utilization, staffing, equipping and operation of the schools and institutes included in the Project.

(f) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request with regard to the operation of the educational system of the Borrower and programs for educational development in its territories.

(g) The Borrower shall cause the physical plant and equipment of the schools and institutes included in the Project to be adequately maintained and repaired, shall cause from time to time all necessary renewals and repairs to be made thereto and shall make available, or cause to be made available, promptly, as needed, all funds and other resources which shall be required therefor.

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