No. 8938

DENMARK
and
TANZANIA

Agreement on a Danish Government Loan to Tanzania (with annexes and exchange of notes). Signed at Dar es Salaam, on 1 November 1967

Official text: English.

Registered by Denmark on 24 January 1968.

DANEMARK
et
TANZANIE

Accord relatif à un prêt du Gouvernement danois à la Tanzanie (avec annexes et échange de notes). Signé à Dar es-Salaam, le 1er novembre 1967

Texte officiel anglais.

Enregistré par le Danemark le 24 janvier 1968.

No. 8938. AGREEMENT[1] BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF TANZANIA ON A DANISH GOVERNMENT LOAN TO TANZANIA. SIGNED AT DAR ES SALAAM, ON 1 NOVEMBER 1967

The Government of Denmark and the Government of Tanzania desiring to strengthen the traditional co-operation and cordial relations between their countries, have agreed that, as a contribution to Tanzania's Development Plans, a Danish Government Loan will be extended to Tanzania in accordance with the following provisions of this Agreement and the Annexes attached, which are considered integral parts of the Agreement.

Article I

THE LOAN

The Government of Denmark (hereinafter called the Lender) agrees to make available to the Government of Tanzania (hereinafter called the Borrower) a development Loan in an amount of 40 (forty) million Danish Kroner for the realization of the purposes described in Article VI of this Agreement.

Article II

LOAN ACCOUNT

Section 1. An account designated " Government of Tanzania Loan Account " (hereinafter called " Loan Account ") will be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Borrower or the Bank of Tanzania (acting as agent for the Borrower). The Lender will ensure that sufficient funds are always available in the Loan Account to enable the Borrower to effect punctual payment for goods and services procured under this Loan, provided that the amounts successively made available to the Borrower shall not, in the aggregate, exceed the Loan amount specified in Article I.

Section 2. The Borrower (or the Bank of Tanzania acting as agent for the Borrower) shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account amounts needed for payment of equipment or services procured under the Loan.

[1] Came into force on 1 November 1967 by signature, in accordance with article XI (1).

Article III

RATE OF INTEREST

The Loan will be free of interest.

Article IV

REPAYMENT

Section 1. The Borrower will repay to the Lender the principal of the Loan withdrawn from the Loan Account in 35 (thirty-five) semi-annual instalments of 1,100,000 (one million and one hundred thousand) Danish Kroner each, commencing on April 1st, 1975, and ending on April 1st, 1992, and one final instalment of 1,500,000 (one million and five hundred thousand) Danish Kroner on October 1st, 1992.

Section 2. The Borrower has the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Loan specified by the Borrower with such variations in the amount of instalments as are proportionate.

Article V

PLACE OF PAYMENT

The principal of the Loan will be repaid by the Borrower in convertible Danish Kroner to Danmarks Nationalbank to the credit of the current account of the Ministry of Finance with Danmarks Nationalbank.

Article VI

USE OF THE LOAN BY THE GOVERNMENT OF TANZANIA

Section 1. The Borrower will use the proceeds of the Loan to finance imports (including transport charges from Denmark to Tanzania) of Danish capital equipment included in the annexed list (Annex II) which may be modified or enlarged by mutual consent, for the implementation of Tanzania's development plan.

Section 2. The proceeds of the Loan may also be used to pay for Danish services required for the implementation of Tanzania's Development Plans, including, in particular, pre-investment studies, preparation of projects and the provision of consultants during the implementation of the projects, assembly or construction of plants or buildings, technical and administrative assistance during the initial period of the undertakings established by means of the Loan.

Section 3. A proportion of the Loan not exceeding 25 per cent may be drawn for the purpose of financing non-Danish capital investment costs (including transport charges) related to the projects for which Danish capital equipment or services are procured under this Agreement, provided that (a) contracts for supplies of the Danish capital equipment or services have been approved by the Lender, and (*b*) the amount thus utilized does not exceed $33^1/_3$ per cent of the value of the Danish capital equipment or services procured for all projects under this Agreement at the date of such utilization.

Section 4. The Borrower will cause the proceeds of the Loan to be applied exclusively to the provision of goods and services needed to implement contracts approved by both Parties. The particulars of the methods and procedures for the payment of such goods and services, beyond those already set forth in Article II, shall be determined by agreement between Borrower and Lender.

Section 5. The concurrence of the Lender as to the eligibility of a contract under the Loan shall not be interpreted in such a manner as to imply that the Lender takes upon him any responsibility for the proper implementation of subsequent operation of such contracts.

Section 6. The terms of payment stipulated in contracts or documentation to the effect that an order has been placed with a Danish exporter or contractor for supplies or services of the nature described above shall be considered as normal and proper whenever such contracts contain no clauses involving special credit facilities from Danish exporters or contractors.

Section 7. The proceeds of the Loan may be used only for payment of supplies and services contracted for after the entry into force of the Agreement.

Section 8. The Borrower may draw on the Loan Account with Danmarks Nationalbank referred to in Article II for up to three years after the entry into force of the Agreement or such other date as shall be agreed by the Lender and the Borrower.

Section 9. If the proceeds of the Loan have not been fully utilized within the time limit stipulated in Section 8 above, the semi-annual repayments shall be reduced by a proportion equal to the ratio between the unutilized amount of the Loan and the principal of the Loan.

Article VII

NON-DISCRIMINATION

Section 1. In regard to the repayment of the Loan, the Borrower undertakes to give the Lender no less favourable treatment than that accorded to other foreign creditors.

Section 2. All shipments of equipment covered by this Agreement shall be in keeping with the principle of free circulation of ships in international trade in free and fair competition.

Article VIII

Miscellaneous Provisions

Section 1. Prior to the first drawing against the Loan Account referred to in Article II, the Borrower will satisfy the Lender that all constitutional requirements and other requirements laid down by statute in the Borrower's home country have been met so that this Loan Agreement will constitute a valid obligation binding on the Borrower in the terms of the Loan Agreement.

Section 2. The Borrower will furnish to the Lender evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents under this Agreement, and authenticated specimen signatures of all such persons.

Section 3. Any notice or request under this Agreement and any agreement between the Parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand or by mail, telegram, cable or radiogram to the Party at such Party's address specified in Article XII, or at such address as such Party shall have indicated by notice to the Party giving such notice or making such request.

Article IX

Particular Covenants

The principal of the Loan shall be repaid without deduction for, and free from, any taxes and charges, and free from all restrictions imposed under the laws of the Borrower. This Agreement shall be free from any present and future taxes imposed under the laws of the Borrower, or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Article X

Applicable Law

Unless otherwise provided for in the Agreement, the Agreement and all the rights and obligations deriving from it shall be governed by Danish law.