II

Treaties and international agreements

filed and recorded

from 23 June 1967 to 26 June 1967

No. 629

Traités et accords internationaux

classés et inscrits au répertoire

du 23 juin 1967 au 26 juin 1967

N° 629

No. 629

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and EAST AFRICAN COMMON SERVICES AUTHORITY

Loan Agreement—*East African Telecommunications Project* (with related letter and annexed Loan Regulations No. 4). Signed at Washington, on 17 February 1967

Official text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 26 June 1967.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et DIRECTION GÉNÉRALE DES SERVICES COMMUNS DE L'EST AFRICAIN

Contrat d'emprunt — *Projet relatif aux télécommunications de l'Est africain* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts). Signé à Washington, le 17 février 1967

Texte officiel anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 26 juin 1967.

No. 629. LOAN AGREEMENT[1] (*EAST AFRICAN TELECOMMUNICATIONS PROJECT*) BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE EAST AFRICAN COMMON SERVICES AUTHORITY. SIGNED AT WASHINGTON, ON 17 FEBRUARY 1967

AGREEMENT, dated February 17, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and EAST AFRICAN COMMON SERVICES AUTHORITY (hereinafter called the Borrower).

WHEREAS (A) The Borrower is the principal executive authority of the East African Common Services Organization (hereinafter called the Organization) which was established by an Agreement dated December 9, 1961[2] between the Governments of Tanganyika, Kenya and Uganda for the purpose, *inter alia*, of administering certain services of common interest to the inhabitants of such countries;

(B) The East African Posts and Telecommunications Administration (hereinafter called the Administration, which expression shall when the text so permits include the Postmaster General) was established by the East African Posts and Telecommunications Act of 1951 of the East Africa High Commission (hereinafter called the High Commission) as a self-contained service of the High Commission for operating, in accordance with the provisions of that Act, a coordinated and integrated system of postal and telecommunication services in East Africa and was taken over from the High Commission by the Organization;

(C) The Borrower has requested the Bank to make a loan to it for the purposes of the Administration;

(D) The said loan is guaranteed jointly and severally as to payment of principal, interest and other charges by the Republic of Kenya, the United Republic of Tanzania and the State of Uganda upon the terms of separate Guarantee Agreements of even date herewith;[3] and

(E) The Bank has, on the basis of the foregoing, agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

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[1] Came into force on 12 May 1967, upon notification by the Bank to the East African Common Services Authority.

[2] United Nations, *Treaty Series*, Vol. 437, p. 47.

[3] See pp. 233, 287 and 321 of this volume.

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,[1] subject, however, to the qualifications and modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so qualified and modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to thirteen million dollars ($13,000,000).

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

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent (½ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

[1] See p. 368 of this volume.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantors and there to be used exclusively in the carrying out of the Project.

Article IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Executive Officer of the Communications Committee (Posts and Telecommunications) of the Organization and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (*a*) of the Loan Regulations.

Article V

Particular Covenants

Section 5.01. The Borrower undertakes that the goods financed out of the proceeds of the Loan will be made available to the Administration for use in the Project as herein provided.

Section 5.02. (*a*) The Borrower shall carry out the Project, or cause the same to be carried out, with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.