

No. 2486

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
ETHIOPIA**

**Loan Agreement — *Telecommunication Project* — (with  
annexed Loan Regulations No. 3). Signed at Washington,  
on 19 February 1951**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
12 February 1954.*

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
ÉTHIOPIE**

**Contrat d'emprunt — *Projet relatif aux télécommuni-  
cations* — (avec, en annexe, le Règlement n° 3 sur les  
emprunts). Signé à Washington, le 19 février 1951**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développemen.  
le 12 février 1954.*

No. 2486. LOAN AGREEMENT<sup>1</sup> (*TELECOMMUNICATION PROJECT*) BETWEEN THE EMPIRE OF ETHIOPIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 FEBRUARY 1951

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AGREEMENT, dated February 19, 1951, between EMPIRE OF ETHIOPIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

THE LOAN

*Section 1.01.* The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of one million five hundred thousand dollars (\$1,500,000), or the equivalent in currencies other than dollars.

*Section 1.02.* The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated August 15, 1950<sup>2</sup> (hereinafter called the Loan Regulations), a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein.

*Section 1.03.* 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in the Loan Regulations.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 1.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three quarters of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. For the purposes of Section 2.02 of the Loan Regulations the term "Effective Date" shall mean the Effective Date or June 1, 1951, whichever shall be the earlier, or such other date as shall be agreed upon between the Borrower and the Bank.

*Section 1.05.* The Borrower shall pay interest at the rate of four per cent (4 %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

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<sup>1</sup> Came into force on 2 February 1954, upon notification by the Bank to the Government of Ethiopia.

<sup>2</sup> See p. 114 of this volume.

*Section 1.06.* Interest and commitment charge shall be payable semi-annually on March 1 and September 1 in each year.

*Section 1.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

### *Article II*

#### USE OF PROCEEDS OF THE LOAN

*Section 2.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project as described in Schedule 2<sup>2</sup> attached hereto. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

*Section 2.02.* The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

### *Article III*

#### BONDS

*Section 3.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 3.02.* The Minister of Finance or the Vice-Minister of Finance and the Chief Treasurer of the Borrower and such person or persons as either of them shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01. (a)* The Borrower shall cause the carrying out of the Project to proceed with due diligence and efficiency and in conformity with sound engineering practice. The management and staff of the agency to be formed in accordance with Section 6.01 (a) of this Loan Agreement shall at all times be acceptable to the Bank.

*(b)* The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

<sup>1</sup> See p. 112 of this volume.

<sup>2</sup> See p. 112 of this volume.

(c) The Borrower shall cause to be maintained records showing the use made of the goods and the progress of the project (including the cost thereof); shall enable the Bank's representatives to examine the project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods and the project.

*Section 4.02.* The Borrower and the Bank will cooperate fully to assure that the purposes of the Loan shall 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 Loan. 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. The Borrower and the Bank will from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower will promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof; and, if the Borrower or any of its political subdivisions or any agency of the Borrower or any such political subdivision shall propose to incur any substantial external debt, will inform the Bank thereof and, before incurring such debt, will afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto. The Borrower will afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 4.03.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or any of its political subdivisions or any agency of the Borrower or any such political subdivision as security for any external debt, such lien shall *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect.

*Section 4.04.* The principal of, and interest and other charges on, the Loan and the Bonds, shall be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower and its political subdivisions or agencies. The foregoing provision of this section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower. The Loan

Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

*Section 4.05.* The Borrower shall satisfy the Bank that it has made adequate arrangements to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 4.06.* Until the loan shall have been repaid, the Borrower shall permit the agency established pursuant to Section 6.01 (a) of this Agreement to charge such rates for its services as will enable it to meet its normal operating expenses, maintain its plant and equipment in an adequate state of repair and provide adequate reserves for depreciation and amortization of its plant and equipment.

*Section 4.07. (a)* The charter of the agency to be formed in accordance with Section 6.01 (a) of this Loan Agreement shall at all times be, in form and substance, such as shall, in the opinion of the Bank, be required to enable it properly to carry out the Project.

*(b)* The Borrower will pay or cause to be paid all amounts of the capital of the agency subscribed pursuant to Section 6.01 of this Loan Agreement in accordance with the terms and conditions under which it was subscribed.

*(c)* Any modifications of the arrangements between the Borrower and such agency made in accordance with Section 6.01 (f) of this Loan Agreement shall be, in form and substance, such as shall be mutually satisfactory to the Borrower and the Bank.

#### *Article V*

##### REMEDIES OF THE BANK

*Section 5.01.* If any event specified in paragraphs 1 or 2 of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days or if an event specified in paragraph 3 of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds 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 or in the Bonds to the contrary notwithstanding.

*Article VI*

## EFFECTIVE DATE

*Section 6.01.* The following events are specified for the purposes of Section 9.01 (b) of the Loan Regulations :

(a) An agency whose charter shall be mutually satisfactory to the Borrower and the Bank shall have been formed for the purpose of owning and operating a telecommunication system in the territories of the Borrower.

(b) All the property and equipment owned by the Borrower and used to provide telecommunication service, other than property and equipment operated by military and aeronautical agencies of the Borrower, shall have been transferred to such agency on such terms and conditions as shall be mutually satisfactory to the Borrower and the Bank.

(c) Such agency shall have made arrangements mutually satisfactory to the Borrower and the Bank for the management and operation of its telecommunication system.

(d) Three million Ethiopian dollars (Eth \$3,000,000) of the capital of such agency shall have been subscribed by the Borrower on such terms and conditions as shall be mutually satisfactory to the Borrower and the Bank.

(e) Arrangements mutually satisfactory to the Borrower and the Bank shall have been made for the subscription and payment by the Borrower of such additional amounts of capital as shall be equivalent to the amount of the Loan.

(f) Arrangements mutually satisfactory to the Borrower and the Bank shall have been made for payments by the Borrower to the agency formed in accordance with Section 6.01 (a) of this Agreement for Government use of such agency's facilities.

*Section 6.02.* The date specified for the purposes of Section 9.04 of the Loan Regulations is June 1, 1951.

*Article VII*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 1, 1954.

*Section 7.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Ministry of Finance, Addis Ababa, Ethiopia.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C.

*Section 7.03.* The Minister of Finance or the Vice Minister of Finance of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Empire of Ethiopia :  
By Ras Imerou Haile SELASSIE  
Authorized Representative

International Bank for Reconstruction and Development :  
By R. L. GARNER  
Vice President

### SCHEDULE 1

#### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
September 1, 1955	—	\$1,500,000	September 1, 1963	\$48,000	\$841,000
March 1, 1956	\$35,000	1,465,000	March 1, 1964	49,000	792,000
September 1, 1956	36,000	1,429,000	September 1, 1964	50,000	742,000
March 1, 1957	37,000	1,392,000	March 1, 1965	51,000	691,000
September 1, 1957	37,000	1,355,000	September 1, 1965	52,000	639,000
March 1, 1958	38,000	1,317,000	March 1, 1966	53,000	586,000
September 1, 1958	39,000	1,278,000	September 1, 1966	54,000	532,000
March 1, 1959	40,000	1,238,000	March 1, 1967	55,000	477,000
September 1, 1959	41,000	1,197,000	September 1, 1967	56,000	421,000
March 1, 1960	41,000	1,156,000	March 1, 1968	57,000	364,000
September 1, 1960	42,000	1,114,000	September 1, 1968	58,000	306,000
March 1, 1961	43,000	1,071,000	March 1, 1969	59,000	247,000
September 1, 1961	44,000	1,027,000	September 1, 1969	60,000	187,000
March 1, 1962	45,000	982,000	March 1, 1970	61,000	128,000
September 1, 1962	46,000	936,000	September 1, 1970	62,000	64,000
March 1, 1963	47,000	889,000	March 1, 1971	64,000	—

#### PREPAYMENT AND REDEMPTION PREMIUMS

$\frac{1}{2}$  of 1 % if prepaid or redeemed not more than five years prior to maturity ; 1 % if prepaid or redeemed more than five years and not more than ten years prior to maturity ; 1  $\frac{3}{4}$  % if prepaid or redeemed more than ten years and not more than fifteen years prior to maturity ; and 2  $\frac{1}{2}$  % if prepaid or redeemed more than fifteen years prior to maturity.

### SCHEDULE 2

#### DESCRIPTION OF PROJECT

The project is a program for the rehabilitation, extension, repair and maintenance of the telecommunication facilities of the Borrower (other than those operated by military

or aeronautical agencies of the Borrower) and for the effective operation of such facilities. The program will be carried out by the agency of the Borrower established pursuant to Section 6.01 (a) of the Loan Agreement.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 AUGUST 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 156, p. 147.*]