

No. 8255

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**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.*

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**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 AGREEMENT<sup>1</sup> (*EDUCATION PROJECT*) BETWEEN THE KINGDOM OF AFGHANISTAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 23 NOVEMBER 1964

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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,<sup>2</sup> 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the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,

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

<sup>2</sup> 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

the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods and the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will 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 Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the Service thereof. The Borrower shall without delay inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* Except as the Association and the Borrower shall otherwise agree, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit which are to be imported into its territory. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods to the site of the Project and shall be for such amounts, as are consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in dollars.

*Section 4.05.* Except as shall be otherwise agreed by the Borrower and the Association :

- (a) the Borrower shall cause all goods purchased in whole or in part with the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project ; and
- (b) the Borrower shall cause title to all such goods to be obtained free and clear of all encumbrances. Goods, the cost of which is financed out of the proceeds of the Credit, shall not be sold or otherwise disposed of without the prior consent of the Association.

*Section 4.06.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.07.* This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

#### *Article V*

##### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified or referred to in paragraph (b) or paragraph (j) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable, anything in this Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 5.02 (j) of the Regulations, the following additional event is specified :

The Parliament of the Borrower shall have in any way disapproved or rejected this Agreement.

#### *Article VI*

##### EFFECTIVE DATE ; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations :

- (a) Except as the Association shall otherwise agree, the Borrower shall have submitted to the Association evidence satisfactory to the Association that the sites for the school centers referred to in Part A of the Project (which sites are described in detail in topographic surveys included in the Project Item Submissions) have been acquired by the Borrower and transferred to the Ministry of Education of the Borrower for the purposes of the Project ;
- (b) The Borrower shall have made arrangements, satisfactory to the Association, whereby the United Nations Educational, Scientific and Cultural Organization,

the United Nations International Children's Fund and the Government of the Federal Republic of Germany will make available additional funds and other resources required for the Project or shall have made other arrangements satisfactory to the Association for the furnishing of such funds and other resources.

*Section 6.02.* A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

*Article VII*

MISCELLANEOUS

*Section 7.01.* The Closing Date for withdrawals from the Credit Account in respect of Parts A, B, C, and E of the Project shall be March 31, 1968, and in respect of Part D of the Project, shall be August 31, 1971, or such other respective dates as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Ministry of Education  
Kabul  
Afghanistan

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cables and radiograms :

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of Education of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit 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.

Kingdom of Afghanistan :

*By* Dr. A. MAJID  
Authorized Representative

International Development Association :

*By* George D. WOODS  
President



## SCHEDULE

## DESCRIPTION OF PROJECT

The purpose of the Project is to establish and improve seven vocational schools in Afghanistan. It includes :

A. Retention of a firm of architects to design and supervise construction of :

1. One school center in Kabul consisting of :
  - (a) Academy for training teacher-educators
  - (b) Technical teacher training school
2. One school center in Herat consisting of :
  - (a) Electro-mechanical school
  - (b) Agricultural school
3. One school center in Kunduz consisting of :
  - (a) Teacher training school
  - (b) Agricultural school
  - (c) Electro-mechanical school

B. Construction of the schools mentioned above.

C. The procurement and installation of equipment (including livestock) for the operation of the schools listed above.

D. Training and upgrading of the teaching force of the schools listed above by the temporary employment of expatriate teachers in certain disciplines and the provision of funds for the training overseas of selected Afghan teachers in disciplines related to those of the expatriate teachers.

E. The utilization of architectural and educational equipment specialists to assist the Ministry of Education in the implementation of the Project.

It is expected that Part B of the Project will be completed by March 31, 1967, and that Parts A, C and E of the Project will be completed shortly thereafter. Part D of the Project is not expected to be completed until mid-1970.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

AMBASSADE ROYALE D'AFGHANISTAN  
WASHINGTON

November 23, 1964

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

Gentlemen :

Re : *Currency of Repayment*

We refer to the Development Credit Agreement (*Education Project*) of even date between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United States of America.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) [or other than one designated under this clause (ii)] we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.
- (v) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.
- (vi) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Kingdom of Afghanistan :

By Dr. A. MAJID  
Authorized Representative

*Confirmed :*

International Development Association :

By Alexander STEVENSON

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER  
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]