

No. 12271

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
ETHIOPIA**

**Development Credit Agreement—*Coffee Processing Project*
(with schedules and General Conditions Applicable to
Development Credit Agreements). Signed at Washington
on 20 March 1972**

Authentic text : English.

Registered by the International Development Association on 22 January 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
ÉTHIOPIE**

**Contrat de crédit de développement — *Projet relatif au
traitement du café* (avec annexes et Conditions générales
applicables aux contrats de crédit de développement).
Signé à Washington le 20 mars 1972**

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 22 janvier 1973.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 20, 1972, between EMPIRE OF ETHIOPIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Project will be carried out by the Agricultural and Industrial Development Bank S.C. (hereinafter called AIDB), the Institute of Agricultural Research (hereinafter called IAR) and the National Coffee Board (hereinafter called NCB), with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the Credit available to AIDB, IAR and NCB as hereinafter provided; and

(C) The Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement² to be entered into between the Association, AIDB, IAR and NCB;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) Section 5.01 is deleted;

(b) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h);

(c) Section 6.06 is amended by inserting the words “, the Project Agreement” after the words “the Development Credit Agreement”;

(d) Section 8.02 is amended by inserting the words “or under the Project Agreement” after the words “the Development Credit Agreement”;

(e) The following sub-paragraph is added to Section 2.01:

“13. The term ‘Project Agreement’ shall have the meaning set forth in the Development Credit Agreement.”

¹ Came into force on 15 December 1972, upon notification by the Association to the Government of Ethiopia.

² The said Agreement, dated 5 September 1972, entered into force on 15 December 1972. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 290 ET, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 16 of this volume.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) "Project Agreement" means the agreement to be entered into by the Association, AIDB, IAR and NCB, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement;

(b) "Project Financing Agreement" means the agreement to be entered into between the Borrower and AIDB pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Project Financing Agreement;

(c) "AIDB" means the Agricultural and Industrial Development Bank, a Share Company established and operating pursuant to Decree No. 55 of 1970 and the Commercial Code Proclamation of 1960 (Proclamation No. 166 of 1960), and shall include any successor or successors thereto;

(d) "IAR" means the Institute of Agricultural Research, established and operating pursuant to Order No. 42 of 1966 and shall include any successor or successors thereto;

(e) "NCB" means the National Coffee Board as established by Decree No. 28 of 1957 as modified by Proclamation No. 178 of 1961 and shall include any successor or successors thereto;

(f) "PIU" shall mean the Project Implementation Unit, an operationally independent Unit of NCB to be established, for purposes *inter alia* of carrying out Parts A, B (1), C (2) and E of the Project and for assisting in carrying out Parts B (2), C (1) and D of the Project;

(g) "Gomma Coffee Growers Cooperative Society Limited" means the Cooperative Society registered on June 1, 1966 under Proclamation No. 241 of 1966;

(h) "Jimma Coffee Growers Cooperative Society Limited" means the Cooperative Society registered on August 30, 1966 under Proclamation No. 241 of 1966;

(i) "sub-borrower" shall mean the recipient of credit under Parts B (2), C (1) and D of the Project;

(j) "sub-loan" shall mean any medium- or long-term credit to a sub-borrower, under Parts B (2), C (1) and D of the Project;

(k) "PIU Statement of Operating Policies and Procedures" shall mean the statement of operating policies and procedures for the Project to be adopted by Resolution of NCB as the same may be amended from time to time.

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to six million three hundred thousand dollars (\$6,300,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods

and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. 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 2.06. Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing March 1, 1982 and ending September 1, 2021, each installment to and including the installment payable on September 1, 1991 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall exercise its rights and carry out its obligations under the Project Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Project Financing Agreement or any provision thereof.

(c) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable AIDB, IAR and NCB to perform all of their obligations under the Project Agreement and in the case of AIDB under the Project Financing Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Section 3.02. (a) Without limitation on the Borrower's obligations under Section 3.01 of this Agreement, the Borrower shall make available to AIDB, under a Project Financing Agreement on such terms and conditions as shall be acceptable to the Association, the funds required to carry out Parts A (1), B (2), C (1) and D of the Project.

(b) Except as the Association shall otherwise agree, the Borrower shall make available by way of a grant : (i) the funds required by IAR to carry out Part F of the Project ; (ii) the funds required by NCB to enable PIU to carry out Parts A (2), A (3), A (4), B (1), C (2) and E of the Project; and (iii) the funds required by NCB to carry out Part G of the Project.

(c) Without limitation on the obligations of the Borrower under Section 3.01 and paragraphs (a) and (b) of this Section, the Borrower shall ensure that sufficient liquid funds to cover the expenditures estimated by NCB to be required by PIU for Parts A (2), A (3), A (4), B (1), C (2) and E of the Project during the following three-month period, shall be made available to NCB for use by PIU not later than the first day of each such quarter.

Section 3.03. (a) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, reports, construction and work schedules and contract documents for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall cause AIDB, IAR and NCB to : (i) maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.04. Without limitation on the Borrower's obligations under Section 3.01 of this Agreement, the Borrower shall take or cause to be taken all such action as shall be necessary to acquire promptly as and when needed all such land and rights in respect of land as shall be required for carrying out Parts A, C (2) and F of the Project.

Section 3.05. Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project until its completion.

Article IV. OTHER COVENANTS

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting

practices the operations, resources and expenditures, in respect of the Project, of the Departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.02. The Borrower shall maintain and repair or cause to be maintained or repaired the roads constructed under the Project in accordance with sound engineering and financial practices, and shall provide promptly as needed the funds, equipment, workshop facilities, labor and other resources required for this purpose.

Section 4.03. The Borrower shall take and shall cause its agencies to take all such action as shall be necessary on their part to encourage the establishment of cooperative societies to take over the ownership and operation of the facilities to be constructed under Parts A (1) and A (2) of the Project.

Article V. CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party :

- (a) exchange views through their representatives with regard to : (i) the performance of their respective obligations under the Development Credit Agreement; (ii) the performance by AIDB, IAR and NCB of their respective obligations under the Project Agreement and of AIDB under the Project Financing Agreement; (iii) the administration, operations and financial condition, resources and expenditures of AIDB, IAR and NCB and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof; and (iv) other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition, resources and expenditures of AIDB, IAR and NCB and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof, the performance by either of them of its obligations under the Development Credit Agreement or the performance by AIDB, IAR and NCB of their respective obligations under the Project Agreement and by AIDB of its obligations under the Project Financing Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all property and equipment of AIDB, IAR and NCB and any relevant records and documents and to

visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI. TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement and the Project Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII. REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

(a) AIDB, IAR or NCB shall have failed to perform any of their respective covenants, agreements or obligations under the Project Agreement;

(b) An extraordinary situation shall have arisen which shall make it improbable that AIDB, IAR or NCB will be able to perform their obligations under the Project Agreement;

(c) Before the Project Agreement shall have terminated in accordance with its terms, Decree No. 55 of 1970, Order No. 42 of 1966, Proclamation No. 241 of 1966, Proclamation No. 178 of 1961, the Proclamation to be issued pursuant to Section 8.01 (f) of this Agreement so as to enable NCB to carry out its obligations under the Project Agreement, or the Resolution of NCB establishing PIU in accordance with requirements of paragraph (d) of Section 8.01 of this Agreement shall have been amended, suspended, abrogated, modified or repealed so as, in the opinion of the Association to materially and adversely affect the carrying out and operation of the Project;

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of AIDB, IAR, NCB or PIU or for the suspension of their operations without the prior concurrence of the Association;

(e) The Project Financing Agreement or the subsidiary loan agreement to be entered into between AIDB and NCB as shall be provided for in the Project

Agreement, or any of the respective provisions of the said agreements, shall have been assigned, amended, suspended, terminated, abrogated or waived without the prior concurrence of the Association;

(f) An order shall have been made, or a resolution shall have been adopted for the winding up, dissolution or liquidation of AIDB, without the prior concurrence of the Association;

(g) NCB shall have sold, leased, transferred or otherwise disposed of any of its property or assets financed in part out of the proceeds of the Credit other than in the ordinary course of its business, without the prior concurrence of the Association;

(h) The PIU Statement of Operating Policies and Procedures shall have been amended, suspended, modified or repealed without the prior concurrence of the Association.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

(a) The events specified in Section 7.02 (a), (e) or (h) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, AIDB, IAR and NCB.

(b) Any event specified in Section 7.02 (c), (d), (f) or (g) of this Agreement shall occur.

Article VIII. EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions :

(a) The execution and delivery of the Project Agreement on behalf of AIDB, IAR and NCB have been duly authorized or ratified by all necessary corporate and governmental action.

(b) The execution and delivery of the Project Financing Agreement on behalf of the Borrower and AIDB, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.

(c) The execution and delivery of the subsidiary loan agreement to be entered into by AIDB and NCB, as shall be provided for in the Project Agreement, have been duly authorized or ratified by all necessary corporate and governmental action.

(d) NCB shall have passed a resolution establishing PIU on terms and conditions satisfactory to the Association and shall have employed the Project Manager and Chief Officers of Sections of PIU as shall be provided for in the Project Agreement.

(e) PIU Statement of Operating Policies and Procedures, satisfactory to the Association, shall have been adopted by NCB.

(f) A Proclamation, satisfactory to the Association, shall have been issued enabling NCB to carry out its obligations under the Project Agreement.

(g) AIDB shall have employed the Senior Officer as shall be provided for in the Project Agreement.

Section 8.02. The following are specified as additional matters, within the

meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association :

(a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, AIDB, IAR and NCB, and constitutes a valid and binding obligation of AIDB, IAR and NCB in accordance with its terms.

(b) That the Project Financing Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and AIDB, and constitutes a valid and binding obligation of the Borrower and AIDB in accordance with its terms.

(c) That the subsidiary loan agreement to be entered into by AIDB and NCB, as shall have been provided for in the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, AIDB and NCB and constitutes a valid and binding obligation of AIDB and NCB in accordance with its terms.

(d) That PIU has been duly established with the powers necessary to carry out its functions as shall have been provided for in the Project Agreement.

Section 8.03. The date June 23, 1972 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Sections 3.03, 4.02 and 4.03 of the Agreement and the provisions of Sections 7.02 and 7.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date on which the Project Agreement shall terminate in accordance with its terms, whichever shall be the earlier.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions :

For the Borrower :

Ministry of Finance
Addis Ababa
Ethiopia

Cable address :

Ministry of Finance
Addis Ababa

For the Association :

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

Cable address :

Indevas
Washington, D.C.

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Empire of Ethiopia :

By MEKBIB GEBEYEHU
Authorized Representative

International Development Association :

By SIMON ALDEWERELD
Vice President

SCHEDULE I

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each Category and the percentage of eligible expenditures so to be financed in each Category :

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Loan disbursements by the Agricultural and Industrial Development Bank (AIDB) for coffee washing station construction and modification, excluding any disbursements for covering interest charges or commitment fees		
(a) to NCB	1,600,000	100% of total expenditures
(b) to sub-borrowers	1,000,000	100% of total expenditures
II. Machinery, vehicles and equipment (including spare parts) for road construction, and other vehicles (including spare parts) required for the Project	880,000	
(a) directly imported		100% of total expenditures
(b) locally procured		70% of total expenditures
III. Road construction other than items specified in Category II		
(a) by force account	380,000	100% of total expenditures
(b) by contract	370,000	100% of total expenditures
IV. Construction of a coffee dryer and PIU staff services, excluding costs of vehicles, road construction and construction of washing stations . . .	1,130,000	100% of total expenditures
V. IAR research, including buildings and equipment, other than vehicles	250,000	100% of total expenditures
VI. Unallocated	690,000	
TOTAL	<u>6,300,000</u>	

2. For the purposes of this Schedule :

(a) The term “foreign expenditures” means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower; provided, however, that if the currency of the Borrower is also that of another country in the territories of which goods are produced or from the territories of which services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(b) The term “local expenditures” means expenditures for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term “total expenditures” means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

(a) expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Categories II, III and IV on account of expenditures for detailed Project planning incurred after October 15, 1971, in an aggregate amount not exceeding the equivalent of \$ 100,000;

(b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes;

(c) expenditures under Category V prior to the approval by the Association of the IAR research program for the Project; and

(d) expenditures for acquisition of any land.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above :

(a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and

(c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category I (a), II (b), III, IV or V shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project forms part of the program of the Borrower to increase export earnings from agriculture by improving coffee processing methods and consists of:

Part A.

- (1) The construction of about 70 coffee washing stations (with a total annual capacity of about 7,000 tons of clean coffee equivalent) in the Sidamo and Deressa Awrajas of Sidamo Province, all initially to be owned by NCB and operated by PIU;
- (2) The construction of an experimental coffee dryer initially to be owned by NCB and operated by PIU;
- (3) The construction of about 200 km of dry-weather feeder roads and 100 km of dry-weather washing station access roads linking said washing stations to the Awasa-Yirgachaffe main road; and
- (4) The provision of services of (a) a Project Manager, a Project Accountant, and a Chief Coffee Processing Engineer (b) staff to assist in the formation and the establishment of cooperative societies intended to take over operation of the processing facilities to be constructed under Parts A (1) and A (2) of the Project and (c) until completion of Part A (1) of the Project, other staff for the operation of PIU, excluding staff directly engaged in the operation of washing stations.

Part B.

- (1) A survey of each existing washing station in the Sidamo and Deressa Awrajas of Sidamo Province;
- (2) Credit to owners of existing washing stations for subsequent modifications to their washing stations, as recommended by the survey, such modifications to include complete rebuilding, if necessary.

Part C.

- (1) Credit to the Gomma Coffee Growers Cooperative Society Limited and to the Jimma Coffee Growers Cooperative Society Limited for the construction of about 20 coffee washing stations (with a total annual capacity of about 2,000 tons of clean coffee equivalent), in the Limmu and Jimma Awrajas of Kaffa Province;
- (2) The construction of about 60 km of dry-weather washing station access roads linking said washing stations to the existing road network; and improvement of about 40 km of existing dry-weather roads, to facilitate transport of coffee from such washing stations to Jimma.

Part D.

Credit to coffee plantation owners for the construction of about 10 coffee washing stations (with a total annual capacity of about 1,000 tons of clean coffee equivalent), in the Limmu Awraja of Kaffa Province.

Part E.

Preparation of appropriate agricultural projects to take advantage of the road network to be constructed under Part A of the Project, and of further projects in the coffee sector.

Part F.

Research into coffee agronomy and processing involving *inter alia* the establishment

of about 7 research sub-stations in different zones of Ethiopia, each sub-station containing suitable areas of existing so-called "forest coffee".

Part G.

A survey of the Ethiopian coffee economy and the development of a permanent information and planning department within NCB.

Parts A (1), (2) and (3) and B, C, D, E and G of the Project are expected to be completed by September 30, 1975, and the other Parts of the Project are expected to be completed by December 31, 1977.

SCHEDULE 3

PROCUREMENT

1. With respect to any contract for machinery, vehicles or equipment estimated to cost the equivalent of \$ 50,000 or more :

(a) If bidders are required to prequalify, the Borrower shall, before prequalification is advertised or otherwise announced, inform the Association in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Association shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Association for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Association shall reasonably request.

(b) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

(d) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Credit.

(e) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

2. With respect to any other contract for machinery, vehicles or equipment, estimated to cost the equivalent of \$ 20,000 or more, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract as well as copies of the invitation to bid, the tender documents, the bid analysis and evaluation and such other documents which the Association shall reasonably request. The Association, if it determines that the award was inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, shall promptly

inform the Borrower and state the reasons for such determination and, in such event, no expenditures under such contract shall be financed out of the proceeds of the Credit.

3. With respect to any contract for machinery, vehicles or equipment estimated to cost less than the equivalent of \$20,000, and with respect to any contract for civil works, international competitive bidding shall not be required and the following procurement procedures shall be followed :

- (a) for contracts estimated to cost the equivalent of \$4,000 or more, invitations to tender shall be published in at least three consecutive issues of two daily newspapers with wide circulation in Ethiopia; and
- (b) for contracts estimated to cost the equivalent of more than \$1,000 but less than \$4,000, at least three quotations shall be obtained and evaluated.

4. For the purposes of procurement of machinery, vehicles or equipment (including the procurement of machinery or equipment for installation in washing stations to be constructed under Parts B, C and D of the Project), such goods shall, wherever practicable, be bulked so as to encourage international competitive bidding, and procurement of such goods (other than the goods required to carry out Part F of the Project) shall be arranged by NCB acting through PIU and in consultation with AIDB.

5. All contracts for road construction, and for the construction of washing stations under Part A of the Project, shall be let by NCB acting through PIU. All contracts for the construction of washing stations under Parts B, C and D of the Project shall be subject to prior approval of AIDB.

6. Notwithstanding the above, NCB, acting through PIU, may construct roads under the Project by force account and sub-borrowers may, with the prior approval of AIDB, themselves construct the washing stations under Parts B, C and D of the Project.

INTERNATIONAL DEVELOPMENT ASSOCIATION
GENERAL CONDITIONS, DATED 31 JANUARY 1969
GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]
