

**No. 12564**

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
ETHIOPIA**

**Development Credit Agreement—*Fourth Highway Project*  
(with Development Credit Regulations No. 1, as  
amended). Signed at Washington on 15 January 1968**

*Authentic text: English.*

*Registered by the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
ÉTHIOPIE**

**Contrat de crédit de développement — *Quatrième projet*  
*relatif au réseau routier* (avec Règlement n° 1 sur les  
crédits de développement, tel qu'il a été modifié).  
Signé à Washington le 15 janvier 1968**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 14 juin 1973.*

## DEVELOPMENT CREDIT AGREEMENT<sup>1</sup>

AGREEMENT, dated January 15, 1968, between the EMPIRE OF ETHIOPIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Association has agreed, on the basis of the arrangements described in the Recitals to the agreement of even date herewith<sup>2</sup> (hereinafter called the Third Bank Loan Agreement) between the Borrower and the International Bank for Reconstruction and Development (hereinafter called the Bank), to make a credit to the Borrower in an amount in various currencies equivalent to seven million and seven hundred thousand dollars (\$7,700,000), on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I. CREDIT REGULATIONS; SPECIAL DEFINITIONS*

*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 as amended February 9, 1967,<sup>3</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 4.06 is deleted and the following new Section is substituted therefor:

“SECTION 4.06. *Payment by the Association.* Payment by the Association of amounts which the Borrower is entitled to withdraw from the Credit Account shall be made to or on the order of the Authority.”

(b) Paragraph 9 of Section 9.01 is deleted and the following new paragraph is substituted therefor:

“9. The term “Project” means the project or projects or program or programs for which the Credit is granted, as described in the Third Bank Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower and the Bank.”

*Section 1.02.* Except where the context otherwise requires, the terms defined in the Third Bank Loan Agreement shall have the same meanings as in such Third Bank Loan Agreement wherever used in the Development Credit Agreement.

### *Article II. THE CREDIT*

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to seven million and seven hundred thousand dollars (\$7,700,000).

*Section 2.02.* The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such 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, the Development Credit Agreement.

<sup>1</sup> Came into force on 18 July 1968, upon notification by the Association to the Government of Ethiopia.

<sup>2</sup> See p. 15 of this volume.

<sup>3</sup> See p. 43 of this volume.

*Section 2.03.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled to withdraw from the Credit Account:

- (a) such amounts as shall have been paid, or, if the Association shall so agree, such amounts as shall be required to meet payments to be made, for the reasonable cost of goods in respect of which withdrawals shall not have been made under the Third Bank Loan Agreement or under the Swedish Agreement<sup>1</sup> for Parts C and D of the Project; and
- (b) the equivalent of a percentage or percentages as may be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been paid, or, if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of goods for Parts A and B of the Project.

*Section 2.04.* The currency of the United States of America is specified for the purposes of Section 3.02 (a) of the Regulations.

*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. The Borrower shall also pay to the Association a service charge at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

*Section 2.06.* Service charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 15 and July 15 commencing January 15, 1978 and ending July 15, 2017, each installment to and including the installment payable on July 15, 1987 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.

### *Article III. USE OF 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 Schedule 2 to the Third Bank Loan Agreement. The specific allocation of the proceeds of the Credit and the methods and procedures for procurement of the goods to be financed out of such proceeds shall be determined by agreement between the Association, the Bank and the Authority, subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

### *Article IV. PARTICULAR COVENANTS*

*Section 4.01.* (a) Sections 5.01, 5.02, 5.03, 5.07, 5.08, 5.09, 5.10 and 5.11 of the Third Bank Loan Agreement are hereby incorporated into the Development Credit Agreement with the same force and effect as if they were fully set forth herein; provided, however, that (i) all references to the Bank in such Sections or in any of them shall be deemed to be references to the Association, and (ii) all references in such Sections or

<sup>1</sup> See p. 49 of this volume.

in any of them to the Loan Agreement be deemed to be references to the Development Credit Agreement and all references thereunder to the Loan shall be deemed to be references to the Credit.

(b) So long as any part of the loan provided for under the Third Bank Loan Agreement or the Bonds executed and delivered pursuant to the provisions of Article IV of such Third Bank Loan Agreement shall remain outstanding and unpaid, all action taken, including approvals given, by the Bank pursuant to the Sections of the Third Bank Loan Agreement enumerated in the foregoing paragraph shall be deemed to be taken or given in the name and on behalf of both the Bank and the Association; and all information furnished by the Borrower to the Bank pursuant to the provisions of such Sections, shall be deemed to be furnished to both the Bank and the Association.

*Section 4.02.* The provisions of the Sections of the Third Bank Loan Agreement enumerated in paragraph (a) of Section 4.01 of the Development Credit Agreement, except Section 5.03, and all obligations of the parties thereunder shall terminate on a date twenty-five years after the date of this Agreement, or on the date when the Third Bank Loan Agreement and all obligations of the parties thereunder shall terminate, whichever is the later.

*Section 4.03.* 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 and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.04.* The Development Credit 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) of Section 5.02 of the Regulations or in Section 5.02 (b) of the Development Credit 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, 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 immediately, anything in the Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 5.02 (k) of the Regulations, the following additional events are specified:

- (a) The right of the Borrower to withdraw the proceeds of the Third Bank Loan Agreement shall have been suspended in whole or in part.
- (b) The outstanding principal of the loan provided for in the Third Bank Loan Agreement shall have been declared, or become, due and payable in advance of the agreed maturity thereof.

#### *Article VI. EFFECTIVE DATE; TERMINATION*

*Section 6.01.* The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 8.01 (b) of the Regulations:

The conditions precedent to the effectiveness of the Third Bank Loan Agreement shall have been fulfilled, subject only to the effectiveness of this Agreement.

*Section 6.02.* The date of May 15, 1968 is hereby specified for the purposes of Section 8.04 of the Regulations.

*Article VII. MISCELLANEOUS*

*Section 7.01.* The Closing Date shall be June 30, 1972 or such later date as may be agreed by 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 Finance  
Addis Ababa, Ethiopia

Alternative address for cables:

Ministry of Finance  
Addis Ababa

For the Association:

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

Alternative address for cables:

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of Finance 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.

Empire of Ethiopia:

By ATO BULCHA DEMEKSA  
Authorized Representative

International Development Association:

By GEORGE D. WOODS  
President

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 617, p. 60.*]