

No. 12586

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, KENYA,
UNITED REPUBLIC OF TANZANIA, UGANDA,
SWEDEN, EAST AFRICAN COMMUNITY and
EAST AFRICAN POSTS AND
TELECOMMUNICATIONS CORPORATION**

**Joint Financing Agreement—*Second East African Tele-
communications Project* (with schedules). Signed at
Washington on 25 May 1970**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
14 June 1973.*

**BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DÉVELOPPEMENT,
KENYA, RÉPUBLIQUE-UNIE DE TANZANIE,
OUGANDA, SUÈDE, COMMUNAUTÉ DE
L'AFRIQUE ORIENTALE et EAST AFRICAN POSTS
AND TELECOMMUNICATIONS CORPORATION**

**Contrat de financement conjoint — *Deuxième projet est-
africain relatif aux télécommunications* (avec annexes).
Signé à Washington le 25 mai 1970**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le dévelop-
pement le 14 juin 1973.*

JOINT FINANCING AGREEMENT¹

AGREEMENT, dated May 25, 1970, between the REPUBLIC OF KENYA (hereinafter called Kenya) the UNITED REPUBLIC OF TANZANIA (hereinafter called Tanzania), the REPUBLIC OF UGANDA (hereinafter called Uganda), the KINGDOM OF SWEDEN (hereinafter called Sweden), the EAST AFRICAN COMMUNITY (hereinafter called the Community), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and the EAST AFRICAN POSTS AND TELECOMMUNICATIONS CORPORATION (hereinafter called the Corporation).

WHEREAS by a development credit agreement with Kenya, Tanzania and Uganda of even date herewith,² Sweden has agreed to make available to Kenya, Tanzania and Uganda, for relending to the Corporation, a credit in a principal amount of twenty-seven million Swedish Kronor (SKr 27,000,000), equivalent at present parity rate as nearly as possible to five million two hundred thousand dollars (\$5,200,000) for the purpose of assisting in the financing of a telecommunications project, consisting of the Corporation's 1969-1972 telecommunications development program, as such project is described in Schedule 1 to this Agreement;

WHEREAS by an agreement with the Corporation of even date herewith,³ the Bank has agreed to make to the Corporation a loan guaranteed jointly and severally by Kenya, Tanzania and Uganda under separate guarantee agreements of even date herewith⁴ between Kenya, Tanzania and Uganda, respectively, and the Bank (hereinafter called the Guarantee Agreements), in a principal amount in various currencies equivalent to ten million four hundred thousand dollars (\$10,400,000), for the same purpose; and

WHEREAS the Parties hereto have agreed on the allocation, withdrawal and use of the proceeds of such credit and loan and the execution of the project to be financed thereby, as well as other matters, as hereinafter provided;

NOW THEREFORE the Parties hereto hereby agree as follows:

Article I. DEFINITIONS

Section 1.01. Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings;

(a) The term "Swedish Credit Agreement" means the agreement referred to in the first Recital to this Agreement, as from time to time amended.

(b) The term "Bank Loan Agreement" means the loan agreement between the Bank and the Corporation referred to in the second Recital to this Agreement, as from time to time amended.

(c) The term "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

(d) The term "Bank Loan" means the loan provided for in the Bank Loan Agreement.

(e) The terms "Swedish Credit Account" and "Bank Loan Account" mean the respective accounts established under the Swedish Credit Agreement and the Bank Loan Agreement.

¹ Came into force on 9 November 1970, upon notification by the Bank to the Parties concerned.

² See p. 107 of this volume.

³ See foot-note 3, p. 48 of this volume.

⁴ See pp. 47, 67 and 57 of this volume, respectively.

(f) The term "Project" means the Project described in Schedule 1 to this Agreement.

(g) The term "goods" means equipment, materials, supplies and services required for the Project.

(h) The term "Relending Agreement" means the agreement of even date herewith between Kenya, Tanzania, Uganda and the Corporation, as from time to time amended.

(i) The term "1969-1972 Telecommunications Development Program" means the 1969-1972 Telecommunications Development Program of the Corporation approved by the Community on March 6, 1969, as the same may be amended from time to time by agreement between the Bank and the Corporation.

Article II. ALLOCATION AND WITHDRAWALS OF PROCEEDS OF SWEDISH CREDIT AND BANK LOAN

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the Bank Loan Agreement and subject to the provisions of Section 2.02 (c) of the Bank Loan Agreement, the amount of the Swedish Credit and the Bank Loan may be withdrawn from the Swedish Credit Account and the Bank Loan Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and Bank Loan set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Bank and the Corporation.

Section 2.02. (a) The Corporation shall be entitled to withdraw on behalf of Kenya, Tanzania and Uganda from the Swedish Credit Account and on its own behalf from the Bank Loan Account such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for the reasonable cost of goods required for the Project.

(b) Except as shall otherwise be agreed between Sweden, the Bank and the Corporation, no withdrawals shall be made on account of (i) expenditures prior to the date of this Agreement, or (ii) expenditures in the currency of Kenya, Tanzania or Uganda or for goods produced in (including services supplied from, the territories of Kenya, Tanzania or Uganda.

Section 2.03. (a) When the Corporation shall desire to withdraw any amount of the Swedish Credit and the Bank Loan the Corporation shall deliver to the Bank a written application in such form and containing such statements and agreements as the Bank shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall except as the Bank and the Corporation shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) The Corporation shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Corporation is entitled to withdraw from the Swedish Credit Account and the Bank Loan Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

Section 2.04. Each such application by the Corporation for withdrawal shall be deemed to be a request to withdraw funds on behalf of Kenya, Tanzania and Uganda from the Swedish Credit Account and on behalf of the Corporation itself from the Bank Loan Account and the funds to be withdrawn pursuant to such application shall be apportioned by the Bank, as nearly as practicable in the circumstances, between the Swedish Credit and the Bank Loan in the ratio of 1:2, or such other ratio as shall be agreed between Sweden and the Bank.

Section 2.05. (a) When the Bank shall have approved an application by the Corporation for withdrawal, the Bank shall:

- (i) pay the amount, if any, which the Corporation is entitled to withdraw from the Bank Loan Account to or on the order of the Corporation in accordance with the provisions of the Bank Loan Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and the Bank Loan Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the Bank Loan Account in the amount set forth in such notice, and that the portion, if any, to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank.

(b) Upon receipt of such notice of the Bank, the Sveriges Riksbank, shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice.

Section 2.06. If at any time the amount of the Swedish Credit or of the Bank Loan shall have been fully withdrawn or cancelled, applications by the Corporation for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the Bank Loan Account or the Swedish Credit Account only and the provisions of this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.07. Upon the Corporation's request and upon such terms as shall be agreed between the Bank and the Corporation, the Bank may enter into special commitments to pay amounts to the Corporation or others in respect of the cost of goods required for the Project. Any such special commitment by the Bank shall, once it has been notified to Sweden and the Sveriges Riksbank, constitute an obligation on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.05 and 2.06, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.04 of this Agreement.

Section 2.08. If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish Kronor, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish Kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, such rate as shall be reasonably determined by the Sveriges Riksbank.

Article III. THE PROJECT; USE OF PROCEEDS OF SWEDISH CREDIT AND BANK LOAN

Section 3.01. The Corporation shall carry out the Project, described in Schedule I to this Agreement, with due diligence and efficiency and in accordance with sound engineering, public utility and financial practices.

Section 3.02. (a) The Corporation shall apply the proceeds of the Swedish Credit and the Bank Loan to expenditures on the part of the Project to be financed with the proceeds of the Swedish Credit and the Bank Loan in accordance with the provisions of this Agreement.

(b) Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Swedish Credit and the Bank Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement, and (ii) contracts for the procurement of such goods and services shall be subject to the approval of the Bank.

(c) The Corporation undertakes to insure the imported goods to be financed out of the proceeds of the Swedish Credit and the Bank Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely useable by the Corporation to replace or repair such goods.

(d) Except as the Bank shall otherwise agree, the Corporation shall cause all goods financed out of the proceeds of the Swedish Credit or the Bank Loan to be used exclusively in the carrying out of the Project.

(e) The Corporation shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, or any subsequent additions thereto in such detail as the Bank shall from time to time request.

(f) The Corporation shall maintain records adequate to identify the goods financed out of the proceeds of the Swedish Credit and the Bank Loan, 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 Corporation and shall enable Sweden's and the Bank's representatives to inspect the Project, the properties and operations of the Corporation, the goods, the facilities operated by the Corporation and any relevant records and documents.

Article IV. PARTICULAR COVENANTS OF THE CORPORATION

Section 4.01. (a) The Corporation shall at all times manage its affairs, plan the development of its properties and facilities, and maintain its financial position all in accordance with sound engineering, public utility, financial and business principles and practices and under the supervision of experienced and competent management; and shall cause its plant, equipment, properties and facilities to be maintained and all necessary renewals and repairs thereto to be made, all in accordance with sound engineering and public utility practices.

(b) The Corporation shall inform the Bank with respect to any proposed appointment of the Assistant Directors-General in charge of Finance and Telecommunications

of the Corporation sufficiently in advance of such appointment for the Bank to have adequate opportunity to comment on it.

(c) The Corporation shall continue to appoint, retain or promote sufficient qualified and experienced staff to enable the Corporation to conduct its operation efficiently.

(d) Except as the Bank shall otherwise agree, the Corporation shall delegate such powers to the Director-General as described in the Resolution of the Corporation's Board of Directors dated December 2, 1969.

Section 4.02. (a) The Corporation shall cooperate fully with Sweden and the Bank to assure that the purposes of the Swedish Credit and the Bank Loan will be accomplished. To that end, Sweden, the Bank and the Corporation shall from time to time, at the request of any party, exchange views through their representatives with regard to the performance by the Corporation of its obligations under the Relending Agreement, the Bank Loan Agreement and this Agreement, the administration, organizational structure, operations and financial condition of the Corporation and other matters relating to the purposes of the Swedish Credit and the Bank Loan.

(b) The Corporation shall furnish to Sweden and the Bank all such information as Sweden or the Bank shall reasonably request concerning the expenditure of the proceeds of the Swedish Credit and the Bank Loan, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of the Corporation.

(c) The Corporation shall promptly inform Sweden and the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the Bank Loan, the maintenance or the performance by the Corporation of its obligations under the Relending Agreement, the Bank Loan Agreement and this Agreement.

Section 4.03. The Corporation shall take out and maintain with responsible insurers or make other provisions satisfactory to the Bank for insurance against such risks and in such amounts as shall be consistent with sound practice.

Section 4.04. (a) The Corporation shall take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business and for the execution of the Project.

(b) Except as the Bank shall otherwise agree, the Corporation shall obtain title to all goods financed out of the proceeds of the Swedish Credit and the Bank Loan free and clear of all encumbrances.

(c) The Corporation shall not, without the consent of the Bank sell or otherwise dispose of any of its property or assets which shall be required for the efficient carrying on of its business and undertakings, including the carrying out of the Project.

Section 4.05. The Corporation shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by the Auditor-General of the Community and shall promptly after their preparation and not later than six months after the close of the Corporation's fiscal year, transmit to Sweden and to the Bank one certified copy each of such statements and a signed copy each of the Auditor-General's report.

Section 4.06. Except as the Bank shall otherwise agree, the Corporation shall not incur, or permit any subsidiary to incur, any debt unless the consolidated net revenue of the Corporation and its subsidiaries for the fiscal year next preceding the date of such incurrence or for a later twelve-month period ended prior to the date of such incurrence,

whichever is the greater, shall be not less than 1.5 times the maximum consolidated debt service requirements for any succeeding fiscal year on all the debt of the Corporation and all its subsidiaries including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" means all debt, including debt assumed or guaranteed by the Corporation or by a subsidiary, except debt incurred in the ordinary course of business and maturing by its terms on demand or less than one year after its incurrence;

(b) The term "incur" with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a contract or loan agreement, on the date it is drawn down pursuant to such contract or loan agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into but shall be only counted to the extent that the underlying debt is outstanding;

(c) The term "consolidated net revenue" means gross operating revenue of the Corporation and all its subsidiaries, adjusted to take account of tariffs in effect at the time of the incurrence of debt even though they were not in effect during the entire fiscal year or twelve-month period to which such revenues relate, less all operating expenses, including adequate maintenance, taxes, if any, and administrative expenses, but before provision for depreciation and debt service requirements;

(d) The term "consolidated debt service requirements" means the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt of the Corporation and all its subsidiaries; and

(e) The term "subsidiary" means any company other than the East African External Telecommunications Co., Ltd., of which a majority of the outstanding voting stock shall be owned, or which shall be effectively controlled, by the Corporation or by any one or more subsidiaries of the Corporation or by the Corporation and one or more of its subsidiaries.

(f) Whenever it shall be necessary to value in the currency of Kenya, Tanzania or Uganda debt payable in another currency, such valuation shall be made on the basis of the rate of exchange at which such other currency is obtainable by the Corporation, at the time such valuation is made, for the purposes of servicing such debt, or, if such other currency is not obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Section 4.07. (a) Except as the Bank shall otherwise agree, the Corporation shall take all necessary steps within its power to establish and maintain tariffs for telecommunications services and shall take all such other actions as shall be required to provide revenues sufficient to produce an annual rate of return of not less than 10% on the value of the Corporation's net fixed assets in operation.

(b) For the purposes of this Section:

(i) The annual rate of return shall be calculated by relating the net operating income for the year in question to the average of the value of the net fixed assets of the Corporation in operation at the beginning and at the end of that year.

(ii) The term "value of net fixed assets in operation" shall mean the gross book value of such assets used for telecommunications services, less the amount of accumulated depreciation, as valued from time to time in accordance with sound and consistently maintained methods of valuation acceptable to the Bank.

(iii) The term “net operating income” shall mean the difference between:

- (A) gross operating revenue accruing from the Corporation’s telecommunications services; and
- (B) the operating, maintenance and administration expenses, taxes (if any), and adequate provision for depreciation but excluding interest and other charges on debt, all related to telecommunications services.

Section 4.08. After the Corporation shall have filled the positions authorized as of June 30, 1968, the Corporation shall restrict the rate of increase in its staff for telephone and telex to five percentage points (or such other percentage points as shall be agreed from time to time between the Bank and the Corporation) below the station growth percentage rate.

Section 4.09. The Corporation shall complete an actuarial study of its pension fund by December 31, 1973.

Section 4.10. The Corporation shall take all necessary steps within its power to complete by June 30, 1971 the reorganization of its departments in accordance with the following provisions:

- (a) All telecommunications functions shall be combined in one separate telecommunications department at the headquarters of the Corporation and at regional headquarters; and
- (b) An Assistant Director-General shall be appointed to be the head of the telecommunications department at the headquarters of the Corporation.

Article V. PARTICULAR COVENANTS OF KENYA, TANZANIA AND UGANDA

Section 5.01. (a) Kenya, Tanzania, Uganda, Sweden and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Swedish Credit and the Bank Loan and the maintenance of the service thereof. Kenya, Tanzania and Uganda shall promptly inform Sweden and the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the Bank Loan or the maintenance of the service thereof.

(b) Kenya, Tanzania and Uganda shall afford all reasonable opportunity for accredited representatives of Sweden and the Bank to visit any part of their territories for purposes related to the Swedish Credit and the Bank Loan.

Section 5.02. Kenya, Tanzania and Uganda shall take, or cause to be taken, all necessary steps within their power to enable the Corporation to obtain such revenues as described in Section 4.07 of this Agreement.

Section 5.03. Without limitation or restriction upon the provisions of Section 2.01 of the respective Guarantee Agreement, Kenya, Tanzania and Uganda specifically undertake, whenever there is reasonable cause to believe that the funds available to the Corporation will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Corporation or cause the Corporation to be provided with such funds as are needed to meet such expenditures.

Section 5.04. Kenya, Tanzania and Uganda shall take all necessary steps within their power to cause the reorganization of the departments of the Corporation as described in Section 4.10 of this Agreement to be completed by June 30, 1971.

Article VI. PARTICULAR COVENANTS OF THE COMMUNITY

Section 6.01. Except as the Bank shall otherwise agree, the Community shall not incur any external debt if the amount of debt service on such debt payable from the General Fund of the Community in any financial year of the Community, when added to the amount of debt service or other debt payable from the General Fund in such financial year, shall exceed 2% of the average of the income tax collected by the East African Income Tax Department and of customs duties and excise duties collected by the East African Customs and Excise Department in the three financial years preceding such incurrence. For purposes of this Section, "external debt" means any debt payable in any medium other than the currencies of the members of the Community, and "debt service" shall include payments of the principal of, and interest and other charges on, debt; and any reference to incurring of debt shall include the assumption and guarantee of debt and any renewal, extension, or modification of the terms of the debt or of the assumption or guarantee thereof.

Section 6.02. The Community shall inform the Bank with respect to any proposed appointment of the Director-General of the Corporation.

Section 6.03. The Community shall take, or cause to be taken, all necessary steps within its power to enable the Corporation to obtain such revenues as described in Section 4.07 of this Agreement.

Section 6.04. The Community shall take all necessary steps within its power to cause the reorganization of the departments of the Corporation to be completed by June 30, 1971, as described in Section 4.10 of this Agreement.

Section 6.05. For the purposes of clarifying the respective roles of the Communications Council of the Community, the Board of Directors and the Director-General of the Corporation with respect to policy and executive decision making, the Community, within the framework of the Treaty for East African Cooperation and the East African Posts and Telecommunications Corporation Act, confirms that:

(a) The Board of Directors shall, without further reference to the Communications Council, have the power to commit funds to implement a program of capital works approved by the Communications Council, if

- (i) such program of capital works has been submitted to the Communications Council in the form of specific projects with firm estimates of costs; and
- (ii) the Communications Council has in respect of such program of capital works approved an associated loan program or other financial provision;

(b) Where the Board of Directors in the circumstances described in the preceding subparagraph or otherwise has power to commit funds for capital works, the Board of Directors shall, within general guidelines to be laid down by the Communications Council and conveyed to the Bank from time to time, have power to approve specifications, let tenders, procure goods required for such capital works without further approval in each case of the Communications Council; and

(c) The scope of the powers to be exercised by the Director-General under Section 11 of the East African Posts and Telecommunications Corporation Act and the other powers to be delegated to him by the Board of Directors shall be in accordance with the provisions of the Board Resolution of the Corporation dated December 2, 1969.

Section 6.06. The Community shall take all necessary steps within its power to enable the Corporation to perform the covenants, agreements and obligations of the

Corporation under the Relending Agreement, the Bank Loan Agreement and this Agreement.

Section 6.07. The Community shall from time to time, take all necessary actions to ensure that payments by Kenya, Tanzania and Uganda for the services provided by the Corporation will be made on current basis.

Article VII. MISCELLANEOUS

Section 7.01. Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For Kenya:

The Treasury
P.O. Box 30007
Nairobi, Kenya

Alternative address for cables:

Finance
Nairobi

For Tanzania:

Principal Secretary, The Treasury
P.O. Box 9111
Dar es Salaam, Tanzania

Alternative address for cables:

Treasury
Dar es Salaam

For Uganda:

Secretary to the Treasury
P.O. Box 103
Entebbe, Uganda

Alternative address for cables:

Finsec
Entebbe

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden for purposes of this Agreement:

Sveriges Riksbank
Box 2119
Stockholm 2

Alternative address for cables:

Riksbanken
Stockholm

(b) for all other purposes:

Swedish International Development Authority
10525
Stockholm 1

Alternative address for cables:

SIDA
Stockholm

For the Community:

East African Community
P.O. Box 1001
Arusha, Tanzania

Alternative address for cables:

Adcom
Arusha

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables:

Intbafrad
Washington, D.C.

For the Corporation:

East African Posts and Telecommunications Corporation
P.O. Box 7106
Kampala, Uganda

Alternative address for cables:

Postgen
Kampala

Section 7.02. The Corporation shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of the Corporation take any other action or execute any other documents required or permitted to be taken or executed by the Corporation under this Agreement, and the authenticated specimen signature of each such person.

Section 7.03 (a) The Minister of Kenya for the time being responsible for finance or any person appointed by him is designated as the representative of Kenya to take any action or execute any documents required or permitted to be taken or executed by Kenya under this Agreement.

(b) The Minister of Tanzania for the time being responsible for finance or any person appointed by him is designated as the representative of Tanzania to take any action or execute any documents required or permitted to be taken or executed by Tanzania under this Agreement.

(c) The Minister of Uganda for the time being responsible for finance or any person appointed by him is designated as the representative of Uganda to take any action or execute any documents required or permitted to be taken or executed by Uganda under this Agreement.

(d) The Chairman of the Communications Council of the Community or any person appointed by him is designated as the representative of the Community to take any action or execute any documents required or permitted to be taken or executed by the Community under this Agreement.

Section 7.04. This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

Section 7.05. (a) Except as shall otherwise be agreed by the Parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the Bank Loan Agreement shall both be in effect.

(b) If the Bank Loan Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Bank shall promptly notify the other Parties of such termination.

Section 7.06. This Agreement and all obligations of the Parties thereto thereunder shall terminate on the date upon which both the Swedish Credit Agreement and the Bank Loan Agreement shall have terminated.

Section 7.07. Upon termination of the Swedish Credit Agreement or the Bank Loan Agreement only, Sweden or the Bank, as the case may be, shall promptly notify the other Parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Bank Loan Agreement or the Swedish Credit Agreement and of orderly settlement of matters of mutual interest to the Parties hereunder, subject to such modifications of this Agreement as shall be agreed among the Parties thereto or as shall be reasonably requested by Sweden or the Bank for such purposes.

Section 7.08. Unless otherwise notified to Kenya, Tanzania, Uganda, the Community, the Bank and the Corporation by Sweden, the Bank shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

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.

Republic of Kenya:

By L. O. KIBINGE
Authorized Representative

United Republic of Tanzania:

By G. RUTABANZIBWA
Authorized Representative

Republic of Uganda:

By E. OTEMA ALLIMADI
Authorized Representative

Kingdom of Sweden:

By H. DE BESCHE
Authorized Representative

East African Community:

By B. H. K. BIGIRWENKYA
Authorized Representative

International Bank for Reconstruction and Development:

By M. SHOAB
Vice President

East African Posts and Telecommunications Corporation:

By E. OTEMA ALLIMADI
Authorized Representative

SCHEDULE I

DESCRIPTION OF THE PROJECT

The Project is the 1969-1972 Telecommunications Development Program of the Corporation for modernization and expansion of telecommunications services in East Africa.

The part of the Project to be financed with the proceeds of the Swedish Credit and the Bank Loan includes:

Part A.

- (1) Installation of approximately 21,000 lines of automatic local exchange equipment;
- (2) Installation of additional switches to carry increased traffic for existing subscribers; and
- (3) Installation and extension of the junction networks of the subscribers' distribution network and telephone installations at subscribers' premises.

Part B.

- (1) Installation of switching, signalling and terminating equipment to meet additional traffic requirements and extend subscriber trunk dialing facilities;
- (2) Installation of high capacity (more than 600-channel) microwave systems between Kampala, Nairobi, Mombasa, Tanga and Dar es Salaam;
- (3) Installation of a VHF tropospheric scatter system Dar es Salaam-Mtwara;
- (4) Installation of UHF/VHF equipment to provide spur routes to other centers;
- (5) Redeployment of recovered VHF equipment from the Kampala-Nairobi-Dar es Salaam route to serve other centers and to increase capacity;
- (6) Installation of additional open wire trunk circuits involving new construction of approximately 2,600 pair miles; and
- (7) Installation of a number of open wire carrier systems.

Part C. Improvement and extension of telegraph and telex facilities allowing connection of about 1,500 additional teleprinter stations.

Part D. Provision of ancillary equipment for telecommunications buildings.

Part E. Provision of technical consulting services in respect of Part A (1), Part A (2) and Part B (1) above.

The Project is expected to be completed by June 30, 1973.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF SWEDISH CREDIT AND BANK LOAN, EQUIVALENT IN THE AGGREGATE TO U.S. \$15,600,000, ON THE BASIS OF THE PARITY RATE BETWEEN THE SWEDISH KRONOR AND THE U.S. DOLLAR AT THE DATE OF THIS AGREEMENT

<i>Categories</i>	<i>Allocation (Expressed in U.S. Dollar Equivalent)</i>	
	<i>Bank Loan</i>	<i>Swedish Credit</i>
I. Local telephone exchange equipment	2,200,000	1,100,000
II. Subscribers and junction network, installations at telephone subscribers' premises	2,400,000	1,200,000
III. Automatic switching and signalling equipment for subscriber dialing	354,000	177,000
IV. Microwave and VHF/UHF systems, multiplexing equipment and interurban open wire routes	3,926,000	1,963,000
V. Telegraph and telex equipment	600,000	300,000
VI. Telecommunication buildings and miscellaneous	134,000	67,000
VII. Technical consulting services under Part E of the Project	80,000	40,000
VIII. Unallocated	706,000	353,000
TOTAL	<u>10,400,000</u>	<u>5,200,000</u>

REALLOCATION OF PROCEEDS

1. If the estimate of the cost of the items included in any of the Categories I to VII shall decrease, the amount of the Swedish Credit and the Bank Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category VIII.

2. If the estimate of the cost of the items included in any of the Categories I to VII shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Swedish Credit and the Bank Loan will be allocated by the Bank, at the request of the Corporation, to such Category from Category VIII, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

3. The U.S. dollar equivalent of the Swedish Credit is shown on the basis of the present parity rate between the Swedish Kronor and the U.S. dollar. Should such rate change, any increase of the U.S. dollar equivalent of the Swedish Credit will be reallocated by the Bank to Category VIII and any decrease in such equivalent shall, in the first instance, be charged against such Category.

SCHEDULE 3

SUPPLEMENTARY PROCUREMENT PROCEDURES

1. With respect to goods required to be procured on the basis of international competitive bidding under Section 3.02 (b) of this Agreement, identical or similar items shall be grouped together wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Bank.

2. With respect to all procurement contracts involving expenditures expected to exceed the equivalent of \$50,000, the Corporation shall comply with the following procedures:

(a) Invitations to bid, specifications, the proposed terms and conditions of contracts, and all other tender documents will be submitted to the Bank for review and approval prior to the issuance of invitations to bid, together with a description of the advertising procedures to be followed.

(b) After bids have been received and analyzed, the analysis of bids, recommendations of the consulting engineer where applicable, the Corporation's proposals for awards together with

the reasons for such proposals and any other relevant material thereto that the Bank shall request will be submitted to the Bank for review and approval prior to making any award of contract or issuing any letter of intent.

- (c) If the final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under paragraphs (a) and (b) above, the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of such contract or issuance of such letter of intent.
- (d) One conformed copy of any letter of intent issued and of any contract executed under this paragraph 2 shall be sent to the Bank promptly upon its issuance or execution.

3. With respect to items or groups of items expected to cost the equivalent of \$50,000 or less, copies of all tender documents, including invitations to bid, bid analyses and evaluations, as well as one conformed copy of any contract or letter of intent relating to the procurement of such items or groups of items, and any other material relevant thereto that the Bank shall request, shall be sent to the Bank promptly after the execution of any such contract or issuance of any such letter of intent and prior to the submission to the Bank of the first application for withdrawal of funds in respect of any such contracts or letters of intent.

4. The bidding procedures shall in all cases be such as to afford Swedish suppliers adequate opportunities of bidding and no less favorable treatment than that accorded to suppliers from other countries.

5. The Corporation may negotiate with, and award the contract to, the original supplier of the switching equipment for the Nairobi South Exchange under the Bank's Loan No. 483 EA (*East African Telecommunications Project*),¹ for the purchase of the switching equipment for an extension of 1,000 lines, provided the terms and conditions of such contract are satisfactory to the Bank.

¹ United Nations, *Treaty Series*, vol. 599, p. 335.