

No. 13355

**UNITED STATES OF AMERICA, MADAGASCAR
and DIRECTION DES POSTES
ET TÉLÉCOMMUNICATIONS
OF THE MALAGASY REPUBLIC**

Loan Agreement—*Malagasy Republic-Telecommunications, Phase II* (with annex). Signed at Washington on 25 July 1973

Authentic texts: English and French.

Registered by the United States of America on 30 May 1974.

**ÉTATS-UNIS D'AMÉRIQUE, MADAGASCAR
et DIRECTION DES POSTES
ET TÉLÉCOMMUNICATIONS
DE LA RÉPUBLIQUE MALGACHE**

Accord de prêt — *République Malagasy-Télécommunications, phase II* (avec annexe). Signé à Washington le 25 juillet 1973

Textes authentiques: anglais et français.

Enregistré par les États-Unis d'Amérique le 30 mai 1974.

LOAN AGREEMENT¹

Dated the 25th day of July 1973, among the United States of America, acting through the Agency for International Development (“A.I.D.”), the Government of the Malagasy Republic (“Government”), and the Direction des Postes et Télécommunications of the Malagasy Republic (“Borrower”).

1. THE LOAN

Section 1.1. THE LOAN. Pursuant to the Foreign Assistance Act of 1961, as amended, A.I.D. hereby agrees to lend Borrower an amount not to exceed One Million Two Hundred Thousand United States dollars (\$1,200,000) to assist the Borrower in financing the foreign exchange costs of certain goods and services required for the Project as defined in section 1.2. Goods and services financed hereunder are hereinafter referred to as “Eligible Items”. The aggregate amount disbursed hereunder is hereinafter referred to as “Principal”.

Section 1.2. THE PROJECT. As used in this Agreement “Project” shall mean the acquisition of equipment and materials for and the construction and reconstruction of main telephone trunk lines and provincial and local links in the Malagasy Republic. The Project and the goods and services to be financed hereunder are described in more detail in annex A hereto, which may be modified by written agreement of Borrower and A.I.D.

2. TERMS OF REPAYMENT AND INTEREST RATE

Section 2.1. INTEREST RATE. During the ten (10) year period immediately following the date of the first disbursement under this loan, Government shall pay to A.I.D. in United States dollars interest at the rate of two percent (2%) per annum on the unrepaid Principal and on any interest that is due and unpaid. Thereafter, Government shall pay to A.I.D. in United States dollars interest at the rate of three percent (3%) per annum on the unrepaid Principal and on any interest that is due and unpaid. Interest payments shall be due and payable semi-annually, commencing on a date to be specified by A.I.D. but in no event later than six (6) months after the date of the first disbursement hereunder. Interest shall accrue from the dates of the respective disbursements hereunder and shall be computed on the basis of a 365-day year.

Section 2.2. REPAYMENT. Government shall repay the Principal to A.I.D. in United States dollars in sixty-one (61) semi-annual installments, the first installment to be due and payable nine and one-half (9½) years after the first interest payment is due. A.I.D. shall provide the Government with an amortization schedule in accordance with this section after the final disbursement under the Loan.

¹ Came into force on 25 July 1973 by signature.

Section 2.3. PAYMENT BY BORROWER TO GOVERNMENT. Borrower shall pay to Government an amount equivalent to the Principal (at the rate of exchange established in accordance with section 10.3 hereof), in such currency as is at the time of payment legal tender in the Malagasy Republic, within twenty (20) years after the date of the first disbursement hereunder, in substantially equal semi-annual installments, including a grace period of not to exceed five (5) years. Borrower shall semi-annually pay interest to Government at the rate of three and one-half percent (3 ½%) per annum, commencing six (6) months after the date of the first disbursement hereunder, on the unrepaid principal payable to the Government and on any interest that is due and unpaid.

Section 2.4. APPLICATION AND PLACE OF PAYMENT. All payments by Government shall be applied first to the payment of any accrued interest and then to the repayment of Principal. All such payments shall be made payable to the order of the Controller, Agency for International Development, and shall be deemed to have been paid when received by A.I.D. at Washington, D.C., or as otherwise specified by A.I.D.

Section 2.5. PREPAYMENT. Government shall have the right to prepay, without penalty, on any date, on which an interest payment is due, all or any part of the Principal. Any prepayment shall be first applied to the payment of any accrued interest and then to the remaining installments of Principal in the inverse order of their maturity.

3. CONDITIONS PRECEDENT

Section 3.1. CONDITIONS PRECEDENT TO FINANCING. Unless A.I.D. otherwise agrees in writing, prior to the first disbursement hereunder or to the issuance of the first letter of commitment hereunder, Borrower shall furnish A.I.D. (or A.I.D. shall otherwise have received), in form and substance satisfactory to A.I.D.:

- (a) An opinion of the Minister of Justice of the Government, or of other legal counsel satisfactory to A.I.D., that this Agreement has been duly authorized or ratified by, and executed on behalf of, Government and constitutes a valid and legally binding obligation of Government in accordance with its terms;
- (b) An opinion of the chief legal counsel of Borrower, or of other legal counsel satisfactory to A.I.D., that this Agreement has been duly authorized or ratified by, and executed on behalf of, Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms;
- (c) A specimen signature of each person designated in section 10.1 as a representative of Borrower and of Government;
- (d) Evidence that Borrower has all legal powers necessary for the acquisition of all real property rights necessary to carry out the Project;
- (e) Proposed arrangements for, and a chronological schedule of, the acquisition of goods and services, construction, and installation necessary to complete the Project;
- (f) Cost estimates, final plans and specifications, and invitation-for-bids documents for all Eligible Items;

- (g) Prior to execution, a contract or contracts with contractors satisfactory to A.I.D. for the supply of Eligible Items; and
- (h) Such other information as A.I.D. may request with respect to the Project.

Section 3.2. TERMINAL DATE OF FULFILLMENT OF CONDITIONS PRECEDENT.

Except as A.I.D. may otherwise agree in writing, if the conditions required by section 3.1 have not been completed within three (3) months of the date of the Agreement, A.I.D. may at any time thereafter give notice to Borrower and Government of termination of this Agreement. Upon such notice, Government shall repay any unrepaid Principal and any accrued interest, whereupon all other obligations of Government, Borrower, and A.I.D. under this Agreement shall cease.

4. PROCUREMENT

Section 4.1. SOURCE OF PROCUREMENT. Except as A.I.D. shall otherwise agree in writing, disbursements made pursuant to section 5.1, except those for marine insurance, shall be used exclusively to finance the procurement for the project of equipment, materials and services having both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into therefor. Marine insurance may be financed under the loan provided (i) such insurance is placed at the lowest available competitive rate in the Malagasy Republic or any country included in Code 941 of the A.I.D. Geographic Code Book, as in effect at the time of placement, and (ii) claims thereunder are payable in freely convertible currency.

Section 4.2. GOODS AND SERVICES NOT FINANCED UNDER LOAN. Goods and services procured for the Project, but not financed under the loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

Section 4.3. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS. The definitions applicable to the eligibility requirements of sections 4.1 and 4.2 will be set forth in detail in Implementation Letters.

Section 4.4. METHOD OF PROCUREMENT. No more than reasonable prices shall be paid for any Eligible Item and all such items (except architectural, engineering, and such other professional services as A.I.D. may specify) shall be procured on a fair competitive basis. Reasonable prices (except for the foregoing professional services) should normally approximate the lowest competitive price for the Eligible Item procured, operating costs, quality, time and cost of delivery, terms of payment, and other factors considered.

Section 4.5. ELIGIBILITY DATE. No goods or services may be financed hereunder which arise out of orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 4.6. BID DOCUMENTS AND CONTRACTS FOR PROCUREMENT. Unless A.I.D. otherwise agrees in writing, Borrower shall submit to A.I.D. all bid invitations, plans and specifications, bid documents, proposed contracts,

contract awards, and signed contracts, to which Borrower is a party, for the procurement of Eligible Items. Borrower covenants and agrees that no such bid invitation, bid document, or proposed contract shall be issued, and no such contract shall be awarded or signed, until Borrower has received written approval of such from A.I.D. Unless A.I.D. otherwise agrees in writing, no such contract shall be financed hereunder unless it and its bid invitations, plans and specifications, and bid documents have been approved in writing by A.I.D. Borrower shall obtain the written approval of A.I.D. prior to any amendment, assignment, or cancellation of any such contract.

Section 4.7. PUBLICIZING PROCUREMENT. In order that American small business shall have the opportunity to participate in furnishing Eligible Items, Borrower shall, at such time prior to ordering or contracting for any Eligible Item, estimated to cost more than the equivalent of five thousand United States dollars (\$5,000) as A.I.D. may specify, and promptly after the award of any contract therefor costing more than the equivalent of \$25,000, cause to be received by A.I.D. such information thereon as A.I.D. may require.

Section 4.8. MARINE INSURANCE. If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the Government, by statute, decree, rule, or regulation, favors any insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods financed hereunder shall during the continuance of such discrimination be so insured in the United States with a company or companies authorized to do a marine insurance business in a state of the United States of America.

Section 4.9. OCEAN SHIPMENT. (a) Unless A.I.D. shall determine that privately-owned United States-flag commercial vessels are not available at fair and reasonable rates for such vessels.

- (i) at least fifty per cent (50%) of the gross tonnage of all goods financed under the loan (computed separately for dry bulk carriers, dry cargo liners and tankers) and transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, and
- (ii) at least fifty per cent (50%) of the gross freight revenue generated by all shipments financed under the loan and transported on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels.

(b) All ocean or air charter for transport for the Project shall receive the prior written approval of A.I.D. All equipment and materials transported to the host country for use on or incorporation into the Project shall be transported on flag carrier of the host country or A.I.D. Code 941 Eligible Source Countries, unless A.I.D. determines in advance that no such carrier is available. No commodities for the Project may be transported by any medium owned, operated, or under the control of a Communist Bloc Country, or on a vessel which has been designated as ineligible by A.I.D.

Section 4.10. INSURANCE. Unless A.I.D. otherwise agrees in writing, Borrower shall cause all goods financed hereunder to be insured against risks incident to their transit to the point of their use in the Project consistent with

sound commercial practice. The Borrower shall give A.I.D. prompt notice of the accrual of proceeds from insurance on any Eligible Item, whether or not such insurance was financed hereunder. Such proceeds, less the cost to Borrower of such insurance not financed hereunder, shall, unless A.I.D. otherwise agrees in writing:

- (a) Be used to pay for procurement of Eligible Items in accordance with the terms of this Agreement; or
- (b) Be promptly paid to A.I.D.; any such payment shall be first credited against any accrued interest and then to installments of Principal in the inverse order of their maturity.

5. DISBURSEMENTS

Section 5.1. LETTERS OF COMMITMENT. To obtain disbursements Borrower may from time to time request A.I.D. to issue letters of commitment to one or more banks in the United States, designated by Borrower and satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made, through letters of credit or otherwise, to Borrower or any designee of Borrower, pursuant to such documentation as A.I.D. may prescribe. Banking charges incurred in connection with letters of commitment and disbursements shall be for the account of Borrower and may be financed hereunder.

Section 5.2. OTHER FORMS OF DISBURSEMENT. Disbursements may also be made through such other means as Borrower and A.I.D. may agree to in writing.

Section 5.3. DATE OF DISBURSEMENTS. Disbursements hereunder shall be deemed to occur on the date on which payment by A.I.D. is made either directly to Borrower or its designee or to a banking institution under a letter of commitment issued pursuant to section 5.1 hereof.

Section 5.4. TERMINAL DATE FOR REQUESTS AND FOR DISBURSEMENTS. Except as A.I.D. may otherwise agree in writing, no letters of commitment shall be issued in response to requests received from Borrower more than eighteen (18) months after the date of this Agreement, and no disbursement shall be made against documentation received more than two (two) years after the date of this Agreement.

6. ADDITIONAL COVENANTS AND WARRANTIES

Section 6.1. EXECUTION AND COMPLETION OF PROJECT. Borrower and Government shall each cause the Project to be carried out and completed with due diligence and efficiency, providing all resources and paying all costs, which may be required in addition to those financed hereunder. Government shall from time to time make available funds for payment of such costs in a manner satisfactory to A.I.D. Borrower and Government shall each carry out the Project in conformity with sound engineering and financial practices and with

any contracts, engineering, procurement, and other arrangements or schedules, plans, and specifications approved by A.I.D. Borrower and Government shall each obtain the written approval of A.I.D. prior to any material modification or cancellation of any such arrangements, plans, or specifications.

Section 6.2. MAINTENANCE OF ELIGIBLE ITEMS. Borrower and Government shall each adequately maintain, repair, operate, and utilize all Eligible Items, and any construction or facility resulting from their use in accordance with sound engineering and financial practices.

Section 6.3. UTILIZATION OF ELIGIBLE ITEMS. Borrower and Government each warrants that all Eligible Items shall be used exclusively for the Project. In case any goods are not fully expended through such use, the foregoing provision shall apply until such time as such goods can no longer be so used, and thereafter such goods may be utilized for any purpose at the discretion of Borrower, subject, however, to such terms and conditions as A.I.D. may impose, provided that no goods financed hereunder may be exported from the Malagasy Republic without the prior approval of A.I.D. and no Eligible Item shall at any time be used to promote or assist any project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Book as in effect at the time of such projected use without the prior written consent of A.I.D.

Section 6.4. INFORMATION AND MARKING. Borrower and Government each warrants that it will cooperate with A.I.D. in making information concerning this loan public and in marking Eligible Items and will make appropriate arrangements to carry out A.I.D.'s instructions with respect thereto.

Section 6.5. NOTICE OF MATERIAL DEVELOPMENTS. Borrower and Government each represents and warrants that it has disclosed to A.I.D. all circumstances which may materially affect the Project utilization of Eligible Items, or the discharge of Government's or Borrower's obligations under this Agreement and each further warrants that it will inform A.I.D. of any conditions which interfere, or which it is reasonable to believe will interfere, with any of the foregoing.

Section 6.6. GOVERNMENT'S CONTRIBUTION. Pursuant to, but not in limitation of, Borrower's and Government's obligation to provide all resources and pay all costs which may be required in addition to those financed hereunder to carry out and complete the Project, Government shall, unless A.I.D. otherwise agrees in writing, finance all local currency costs of goods and services required for the Project.

Section 6.7. CONTINUANCE OF REPRESENTATIONS AND MATTERS FURNISHED TO SATISFY CONDITIONS PRECEDENT. Unless A.I.D. otherwise agrees in writing, Borrower and Government shall continue in force and effect for the life of this Agreement, exactly as originally made or furnished, any representation made or opinion or agreement furnished to satisfy a condition precedent under section 3.1 of this Agreement.

Section 6.8. MANAGEMENT. Until payment in full of all sums due A.I.D. under this Agreement, Borrower shall provide competent and experienced

personnel in numbers adequate for sound management of all its operations, whether or not financed hereunder.

Section 6.9. TAXES. Government warrants that this Agreement and the amount lent hereunder shall be free from, and the Principal and interest and promissory notes, if any, shall be paid without deduction for and free from, any taxation or fees imposed under any laws in effect within the Malagasy Republic. No taxes, tariffs, duties, or other levies of any nature whatsoever imposed under any laws in effect in the Malagasy Republic may be financed hereunder. Government shall exempt all parties to contracts financed hereunder, to which Borrower or Government is a party, from all such taxes, tariffs, duties, and other levies except taxes or levies in the nature of income taxes.

In the event that such exemptions are not granted, Government and Borrower each agrees to finance any such taxes, tariffs, duties, and other levies, except taxes or levies in the nature of income taxes, arising out of contracts financed hereunder to which Borrower or Government is a party, any property or dealings related to such contracts, and subcontracts under such contracts.

Section 6.10. COMMISSIONS, FEES, AND OTHER PAYMENTS. Borrower and Government each warrants that in connection with obtaining this loan or any action under or with respect to this Agreement it has not paid or agreed to pay, and will not pay or agree to pay, nor, to the best of its knowledge, has there been paid or will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to Government's or Borrower's full-time officers and employees or as compensation for *bona fide* professional, technical, or comparable services. Government and Borrower each shall promptly report to A.I.D. any payment or agreement to pay for such *bona fide* professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been or is to be made on a contingent fee basis). If the amount of any such payment is deemed excessive by A.I.D. and Government or Borrower, as the case may be, fails to cause a reduction therein satisfactory to A.I.D., A.I.D. may either require Government or Borrower, as the case may be, to immediately make a prepayment of Principal in the amount by which such payment is deemed excessive or, if a sufficient portion of the loan remains undisbursed, reduce the amount of the loan by such amount. If either step is taken by A.I.D., the last scheduled repayment by Government shall be reduced by the amount prepaid or withheld.

Section 6.11. RENEGOTIATION OF TERMS. Government agrees that, at any time or times when it is requested to do so by A.I.D., but not sooner than six (6) months prior to the date when the first payment of Principal is due, it will negotiate with A.I.D. acceleration of the repayment of the Principal. It is agreed that Government and A.I.D. will mutually determine to what extent repayment should be accelerated on the basis of one or more of the following criteria:

- (a) Significant improvement in the internal economic and financial situation of Government;
- (b) Favorable trends in the balance of payments and foreign exchange holdings of Government;

- (c) Ability of Government to make future repayments of A.I.D. loans without interfering with the service of debts owing to any United States Government agency or any international organization of which the United States is a member.

7. RECORDS, REPORTS, AND INSPECTIONS

Section 7.1. MAINTENANCE OF RECORDS. Borrower shall maintain or cause to be maintained books, records, and other documents pertaining to this Agreement, the Project, operations of Borrower related to the Project, and to the utilization of all Eligible Items; such records shall be adequate to identify Eligible Items and to disclose the uses thereof. Such books, records, and documents shall be maintained and audited for such period and in such manner as A.I.D. may require.

Section 7.2. REPORTS. Government and Borrower shall furnish A.I.D. with such information and reports relating to the Project, operations of Borrower, Eligible Items, and this loan as A.I.D. may reasonably request.

Section 7.3. INSPECTIONS. Authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, operations of Borrower related thereto, all Eligible Items and their utilization and installation, the books, records, and documents referred to in section 7.1, and any other documents, correspondence, memoranda, or records relating to this loan or the Project. Borrower and Government shall cooperate with A.I.D. to facilitate such inspection and shall afford a reasonable opportunity for authorized representatives of A.I.D. to visit any operation of Borrower and any part of the Malagasy Republic for any purpose related to this loan.

8. REMEDIES OF A.I.D.

Section 8.1. EVENTS OF DEFAULT; ACCELERATION. If any one or more of the following events ("Event of Default") shall occur:

- (a) Government shall fail to pay in full any interest or installment of principal when due;
- (b) Borrower or Government shall fail to comply with any other provision contained herein;
- (c) Any representation or warranty made by or on behalf of Borrower or Government with respect to obtaining this loan or made or required to be made hereunder is incorrect in any material respect; or
- (d) A breach shall have occurred under any other agreement between Borrower and/or Government or any of its agencies and A.I.D.; then A.I.D., at its option, may give Borrower and Government notice that all or any part of the unrepaid Principal shall be due and payable sixty days thereafter, and, unless the default is cured within sixty (60) days, such Principal and all interest accrued thereon shall then be due and payable.

Section 8.2. TERMINATION OF DISBURSEMENTS; TRANSFER OF GOODS TO A.I.D. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs which A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of this loan will be attained or that Borrower or Government will be able to perform its obligations hereunder;
- (c) A breach shall have occurred under any other agreement between Borrower and/or Government or any of its agencies and the United States or any of its agencies; or
- (d) Any disbursement would be in violation of the legislation governing A.I.D.; then A.I.D., at its option and, if possible, following consultation with the Borrower or the Government, may (i) decline to issue further letters of commitment; (ii) suspend or cancel outstanding letters of commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit, giving notice to Borrower and Government promptly thereafter; (iii) decline to make disbursements other than under letters of commitment; and (iv) at A.I.D.'s expense, direct that title to goods financed hereunder shall be transferred to A.I.D., if the goods are in a deliverable state and have not been offloaded in ports of entry of the Malagasy Republic. To the extent that any costs connected with the purchase and transportation of these goods have been financed hereunder, these amounts shall be deducted from Principal.

Section 8.3. REFUNDS. If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with the terms of this Agreement, or is not made or used in accordance with the terms of this Agreement, or was at the time of disbursement in violation of the legislation governing A.I.D., A.I.D., at its option, may, notwithstanding the availability of any other remedy provided for under this Agreement or the exercise of the remedy provided for in section 8.2, require Government to pay A.I.D., within thirty (30) days after receipt of a request therefor, an amount not to exceed the amount of such disbursement, provided that such request by A.I.D. shall be made not later than five (5) years after the date of the final disbursement hereunder. Any such refund received by A.I.D. shall be applied first to any accrued interest and then to installments of Principal in inverse order of their maturity.

Section 8.4. WAIVERS OF DEFAULT. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of these rights, powers, or remedies.

Section 8.5. EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D. (other salaries of its staff) after an Event of Default has occurred in connection with the collection of amounts due under this Agreement may be charged to Government or Borrower as appropriate and reimbursed as A.I.D. shall specify.

9. PROMISSORY NOTES

Section 9.1. PROMISSORY NOTES. Government agrees to deliver, within thirty (30) days after the date of any request of A.I.D. therefor, promissory notes payable to or on the order of A.I.D. in such denominations and aggregate principal amount specified in such request, not exceeding, however, the aggregate amount of the unrepaid Principal and accrued interest at the time of such request and for which promissory notes shall not theretofore have been so delivered or requested. The terms of the notes shall conform to the terms of this Loan Agreement with such modification in form and substance as A.I.D. may reasonably request. Government shall also furnish A.I.D. with such legal opinion or opinions with respect to these promissory notes as A.I.D. may reasonably request.

10. MISCELLANEOUS

Section 10.1. USE OF REPRESENTATIVES. (a) All actions required or permitted to be performed or taken under this Agreement by Government, Borrower, or A.I.D., may be performed by its respective duly authorized representatives.

(b) Government hereby designates its Minister of Economy and Finance as its representative, and Borrower hereby designates its Director of Posts and Telecommunications as its representative. Each such representative has authority to designate by notice to A.I.D. other representatives of Government or Borrower, as the case may be, in its dealings with A.I.D. Each such representative so designated, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of Government or Borrower, as the case may be, to any modification of this Agreement. Each notice of designation of a representative of Government and of Borrower shall contain a specimen signature of each representative so designated. Until receipt by A.I.D. of written notice of revocation by Government or Borrower of the authority of any of its representatives, A.I.D. may accept the signature of such representative on any instrument as conclusive evidence that any action effected by such instrument is authorized by Government or Borrower, as the case may be.

Section 10.2. COMMUNICATIONS. Any communication or document given, made, or sent by Government, Borrower, or A.I.D. pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered by hand, mail, telegram, cable, or radiogram to such party at the following address:

To Borrower:

Mail Address:

Direction des Postes et Télécommunications
of the Malagasy Republic, Tananarive

Cable Address:

Dirpostel, Tananarive

To Government:

Mail Address:

Ministère de l'Économie
et des Finances, Tananarive

Cable Address:

Minecofin

To A.I.D. (two copies):

Mail Address:

Director, REDSO/EA
Agency for International Development
c/o United States Embassy
Tananarive, Malagasy Republic

Other addresses may be substituted for the above upon giving of notice as provided herein.

All communications and documents submitted to A.I.D. hereunder shall be in English and all technical and engineering specifications therein shall be in terms of United States standards, except as A.I.D. may otherwise agree in writing. If the original of such communication or document is in other than English, a copy in the language of the original shall also be submitted, except as A.I.D. may otherwise agree in writing.

Section 10.3. RATE OF EXCHANGE. Except as A.I.D. may otherwise agree in writing, equivalence between United States dollars and legal tender in the Malagasy Republic hereunder shall be determined at the rate of exchange, not unlawful in the Malagasy Republic, which provides the greatest number of units of legal tender in the Malagasy Republic per United States dollar at the time in question.

Section 10.4. APPLICABLE LAW. This Loan Agreement and each of the notes shall be deemed to be a contract made under, and shall be governed solely by and construed in accordance with, the internal laws of the District of Columbia, United States of America.

Section 10.5. IMPLEMENTATION LETTERS. A.I.D. will transmit to Government and Borrower Implementation Letters setting forth the procedures for utilizing the proceeds of this loan and providing information to assist in carrying out the terms of this Loan Agreement. Nothing in such letters and the attachments thereto would be intended to alter the scope or the terms of this Agreement.

Section 10.6. ASSIGNMENT. This Loan Agreement shall be binding upon and inure to the benefit of any successor or assignee of A.I.D. This Loan Agreement may not be assigned nor any obligations hereunder delegated by Borrower or Government without the written consent of A.I.D.

Section 10.7. LANGUAGE OF AGREEMENT. This Loan Agreement shall be executed in both the English and French languages. In the event of any conflict between the two versions, the English language text shall be controlling.

IN WITNESS WHEREOF, the United States of America, Government and Borrower have executed this Loan Agreement on the date first written above:

United States of America
By: [Signed]¹

Government of the Malagasy Republic
By: [Signed]²

Direction des Postes et Télécommunications of the Malagasy Republic
By: [Signed]³

ANNEX A

DETAILED DESCRIPTION OF PROJECT

The Project consists of the acquisition of equipment and materials for and the construction and reconstruction of main telephone trunk lines and provincial and local links in the Malagasy Republic. Poles and crossarms, conductors, and installation hardware (and services related to their acquisition and transport) required for the Project are eligible for financing under this loan.

The construction work will include new and reconstructed circuits of approximately 1148 km. (712 miles) length and the addition of approximately 28 km. (17 miles) of new circuits added to existing poles. All lines will be constructed to modern telephone standards to permit the use of carrier current equipment for carrier frequencies up to 160 kilocycles.

The design of the lines, construction drawings, and material specifications were prepared by the Malagasy Republic Posts and Telecommunications Service ("Borrower"). Bids for the goods and services to be financed under the loan will be received and opened at the Malagasy Republic Embassy at Washington. The Malagasy Republic will take all measures necessary so far as delegating authority to its permanent representative in the United States and sending technicians to the United States so that award of the contract may be made in less than two weeks after the deadline for receipt of bids, after A.I.D. approval, to the successful bidder or bidders chosen according to the rules of the Malagasy Republic and A.I.D.

Construction of the Project will be carried out by the Borrower using its trained construction crews.

A map showing the new circuits and the circuits to be rehabilitated is attached hereto as annex A-1.⁴

¹ Signed by William P. Rogers.

² Signed by Didier Ignace Ratsiraka.

³ Signed by Henri Raharijaona.

⁴ See insert in a pocket at the end of this volume.