

No. 14324

**UNITED NATIONS
(UNITED NATIONS CAPITAL DEVELOPMENT FUND)
and
ETHIOPIA**

**Grant Agreement — *Water Supply* (with annexes). Signed at
Addis Ababa on 20 and 25 September 1975**

Authentic text: English.

Registered ex officio on 25 September 1975.

**ORGANISATION DES NATIONS UNIES
(FONDS D'ÉQUIPEMENT DES NATIONS UNIES)
et
ÉTHIOPIE**

**Accord relatif à un don en espèces — *Adduction d'eau* (avec
annexes). Signé à Addis-Abeba les 20 et 25 septembre
1975**

Texte authentique : anglais.

Enregistré d'office le 25 septembre 1975.

GRANT AGREEMENT¹ BETWEEN ETHIOPIA (the Government) AND UNITED NATIONS CAPITAL DEVELOPMENT FUND (the UNCDF)

Project Number: ETH/74/C31

Project Title: WATER SUPPLY

Approved:

[Signed]

SHIMELIS ADUGNA
Chief Commissioner
For the Government
Date: 20 September 1975

[Signed — Signé]²

For the UNCDF
Date: 25/IX/75

Article I. THE GRANT

Section 1.01. The UNCDF agrees to make a grant (hereinafter called the Grant) available to the Government, upon the terms and conditions set forth or referred to in this Agreement, in an amount of One Million Two Hundred Sixty-Six Thousand United States dollars (US\$1,266,000), as a financial contribution to the project (hereinafter called the Project) described in Annex I of the present Agreement.

Section 1.02. (a) The UNCDF shall open a grant account (hereinafter called "The Grant Account") on its books in the name of the Government and shall credit thereto the amount of the Grant.

(b) The table below sets forth the categories of items to be financed out of the proceeds of the Grant and the allocation of the amounts (including 25% inflationary provision) of the Grant to each Category:

| <i>Category</i> | <i>Amount of the Grant Allocated (in United States Dollars)</i> |
|---|---|
| (1) Pumping Equipment | \$ 574,000 |
| (2) Casings | \$ 371,000 |
| (3) Work-shop tools | \$ 159,000 |
| (4) Vehicles | \$ 144,000 |
| (5) Hydrometeorological Equipment | \$ 18,000 |
| TOTAL | <u>\$1,266,000</u> |

(c) Disbursement shall be made from the Grant Account and from the proceeds of the Grant and the Project shall be administered in accordance with the provisions and by the organizations set forth or referred to in an Administration Agree-

¹ Came into force on 25 September 1975 by signature, in accordance with section 6.01.

² Signed by John Phillips—Signé par John Phillips.

ment to be agreed to and signed by UNCDF, the Government and the organizations carrying out the Project. A draft Administration Agreement, marked Annex II, is attached to this Agreement.

(d) Notwithstanding the provisions of paragraph (c) of this Section no disbursements shall be made in respect of:

- (i) any expenditures prior to the date of this Agreement;
- (ii) payments for taxes and other charges imposed under the laws of the Government or laws in effect in its territories on the sale or transfer of goods or services, or on the importation, manufacture, procurement, supply or ownership thereof; and
- (iii) any expenditures unless the conditions precedent referred to in paragraph (e) of this Section 1.02 are satisfied.

(e) The conditions precedent to the initial disbursement from the Grant Account are set forth in Annex III to this Agreement. UNCDF may, upon notification to the Government, declare this Agreement to be null and void if the said conditions precedent are not satisfied on or before December 31, 1975.

Section 1.03. If the UNCDF has reasonably estimated that the amount of the Grant then allocated to any Category will be insufficient to finance the expenditures in that Category, the UNCDF may, by notice to the Government, reallocate to such Category such amounts then allocated to another Category as in the opinion of the UNCDF are not needed to meet other expenditures.

Section 1.04. The UNCDF may by notice to the Government terminate the Grant with respect to any amount not disbursed by January 1, 1977, or by such other date as shall be agreed between the Government and the UNCDF.

Article II. GENERAL PROVISIONS CONCERNING THE EXECUTION OF THE PROJECT

Section 2.01. The Government shall carry out the Project or, if another Organization is designated for this purpose in Annex II to this Agreement, cause the Project to be carried out by such Organization, with due diligence and efficiency and in conformity with appropriate administrative, technical and financial practices, and shall provide, promptly as needed, all funds, facilities, services and other resources required therefor.

Section 2.02. Contracts for the goods and services required for the Project and to be financed out of the proceeds of the Grant shall be awarded under procedures of the United Nations Development Program (UNDP).

Section 2.03. Except as the Government and the UNCDF shall otherwise agree, the Government shall cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the Project.

Section 2.04. The Government shall: (a) maintain separate 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 Grant, and to disclose the use thereof in the Project; (b) have such records audited every year and furnish to the UNCDF such records and the report of the audit thereof not later than six months after the end of the fiscal year of the Government; (c) enable the UNCDF's representatives to visit the facilities and construction sites included in, or relevant to, the Project, and to examine the goods financed out of such proceeds and any relevant records and documents; and (d) furnish to the UNCDF all such information as the

UNCDF shall reasonably request concerning the Project, the expenditure of the proceeds of the Grant and the goods and services financed out of such proceeds.

Section 2.05. Except as the Government and the UNCDF shall otherwise agree, the Government shall not create or permit to be created, any encumbrance, mortgage, pledge, charge, lien or priority of any kind on the goods financed by the proceeds of the Grant, provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Article III. COOPERATION AND INFORMATION

Section 3.01. COOPERATION AND INFORMATION. (a) The Government and the UNCDF shall cooperate fully to assure that the purpose of the Grant will be accomplished. To that end, the Government and the UNCDF shall from time to time, at the request of any one of them:

- (i) exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under this Agreement and other matters relating to the purposes of the Grant; and
- (ii) furnish to the other party all such information as it shall reasonably request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Grant.

(b) The Government and the UNCDF shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Grant, or the performance by any one of them of its obligations under this Agreement.

(c) After the completion of the Project, the Government shall make available to the UNCDF all such information as UNCDF may reasonably request with regard to the benefits derived from the Project including information necessary or appropriate for the UNCDF to evaluate the Project or its assistance to the Government.

Article IV. SUSPENSION OR TERMINATION OF ASSISTANCE

Section 4.01. The UNCDF may by written notice to the Government suspend its assistance under this Agreement if in the judgment of the UNCDF any circumstance arises which interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of its purposes. The UNCDF may, in the same or in a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance under this Agreement. Any such suspension shall continue until such conditions are accepted by the Government and the UNCDF shall have given written notice to the Government that it is prepared to resume its assistance under this Agreement.

Section 4.02. If any situation referred to in Section 4.01 shall occur and continue for a period of fourteen days after notice thereof shall have been given by the UNCDF to the Government, then at any time thereafter during the continuance thereof, the UNCDF may by written notice to the Government terminate its assistance under this Agreement and require that the Government reimburse to the UNCDF the amount of the Grant disbursed from the Grant Account. The Government shall promptly reimburse such amount to the UNCDF upon receipt of such request.

Section 4.03. The provisions of this Article shall be without prejudice to any other rights or remedies that UNCDF may have in the circumstances, whether under general principles of law, the laws in effect in the territories of the Government or otherwise.

Section 4.04. No delay in exercising, or omitting to exercise, any right or remedy of the UNCDF under this Agreement shall be construed as a waiver thereof.

Article V. INTERPRETATION AND SETTLEMENT OF DISPUTES

Section 5.01. The provisions of this Agreement shall be interpreted in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations and any relevant matter for which no provision is made in this Agreement shall be settled by the Parties thereto in keeping with the said resolutions and decisions, each Party giving full and sympathetic consideration to any proposal advanced by the other Party under this Section.

Section 5.02. Any dispute between the Government and the UNCDF arising out of or relating to this Agreement which is not settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairman of the arbitration tribunal. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of the two arbitrators, the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint such as yet unappointed arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted as binding by the Parties to the dispute.

Article VI. ENTRY INTO FORCE; TERMINATION

Section 6.01. This Agreement shall enter into force on the date of signature by the Parties hereto.

Section 6.02. The obligations of the Parties under this Agreement except under Article III and except as provided in Annex II shall terminate on a date two years after the date set forth in Section 1.04 of this Agreement or two years after such later date as shall be agreed between the Government and the UNCDF in accordance with provisions of the said Section.

Article VII. REPRESENTATIVES OF THE PARTIES; ADDRESSES

Section 7.01. Shimelis Adugna, Chief Commissioner, is designated as representative of the Government for the purpose of taking any action required or permitted to be taken under this Agreement on behalf of the Government.

Section 7.02. The UNCDF may by notice to the Government designate a person or persons as representative of the UNCDF for the purpose of receiving any documentation which is to be furnished to the UNCDF or of performing any act required or permitted to be performed by the UNCDF in accordance with the terms of this Agreement.

Section 7.03. The following addresses are specified for the purpose of transmitting any notice or request required or permitted to be given or made under this Agreement.

For the Government:

[*Signed*]

SHIMELIS ADUGNA
Chief Commissioner
20 September 1975

For the UNCDF:

United Nations Capital Development Fund
c/o Resident Representative
of the United Nations Development Programme

[*Signed — Signé*]¹

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 on the respective dates first written above.

A N N E X I

The project is part of the on-going drought relief effort headed by the Drought Relief and Rehabilitation Commission, which is attracting priority assistance from national and international sources. It will provide inventory for approximately one year of standard-sized pumps, spare parts and casings, as well as supporting equipment needed by the National Water Resources Commission (NWRC) to cope with the current emergency.

NWRC established in 1971, and its predecessor agencies, have sunk 498 deep wells since 1953. The current production of about 20 boreholes annually is expected to be substantially increased in the near future. To this end NWRC is negotiating with Canadian and Swedish bilateral programmes and with the World Bank (IDA). It receives assistance from UNDP project ETH/72/001, and has moreover four expatriate drilling engineers, and two expatriate mechanics in the recently expanded workshop in Addis Ababa headed by an Ethiopian engineer. Its budgetary allocations for 1974/75 consist of \$458,000 for operating expenditures and \$487,000 for capital equipment, the latter amount is insufficient to maintain an adequate operating inventory. As a result, numerous wells are inoperative and boreholes remain uncompleted.

UNCDF will finance pumping equipment (\$574,000), casings (\$371,000), workshop tools (\$159,000), vehicles (\$144,000) and hydrometeorological equipment (\$18,000). The cost estimates include 25% inflationary provision.

A N N E X II

ADMINISTRATION AGREEMENT

This Agreement, among the parties whose names appear below, is made pursuant to Article I, Section 1.02 (c) of the Grant Agreement between Ethiopia (the "Government") and the United Nations Capital Development Fund (UNCDF) for a water supply project (Project), and in furtherance of the purposes of that Agreement. The responsibilities and procedures for execution of the Project are agreed to by the Parties as set forth herein.

¹ Signed by John Phillips—Signé par John Phillips.

A. UNCDF

UNCDF (headquarters) shall disburse the funds from the Grant Account after determination by the Resident Representative (Res. Rep.) of UNDP that the conditions precedent specified in Annex III to the Grant Agreement have been satisfied and that all other provisions of the Grant Agreement relating to disbursement have been met.

B. NATIONAL WATER RESOURCES COMMISSION (NWRC)

1. *Responsibilities*

NWRC will: (a) supply UNDP with a statement of inventory requirements for one year, including technical specifications and information as to existing inventory levels and annual turnover; and

(b) supply UNDP with technical specifications for other supporting equipment. NWRC shall make available to UNCDF upon request, all books, records and documents relating to the Project.

2. *Reports*

The following reports shall be made to UNCDF:

- a) A statement of inventory, identifying items financed by the Grant and including information on turnover, semi-annually within 30 days after the end of each six month period, through December, 1977, and
- b) A statement disclosing wells repaired and maintained, identifying those benefiting from Grant financed items, semi-annually within 30 days after each six month period through December, 1977.

C. UNDP

UNDP shall: (a) procure items to be financed by the Grant; and (b) assist NWRC in performing its responsibilities through its Project ETH/72/001.

Approved:

Ethiopia:

By [Signed]

SHIMELIS ADUGNA
Chief Commissioner

Date: 20 September 1975

United Nations Capital Development Fund:

By [Signed — Signé]¹

Res. Rep. UNDP

Date: 23/IX/75

United Nations Development Program:

By [Signed — Signé]¹

Res. Rep. UNDP

Date: 23/IX/75

National Water Resources Commission:

By [Signed — Signé]¹

SHIFARRAW BIZUNEH
A/General Manager

Date: Sept 23, 1975

¹ Signed by John Phillips—Signé par John Phillips.

A N N E X III

The conditions precedent to disbursement from the Grant Account, referred to in Article I, Section 1.02 (e), which shall be met to the satisfaction of the Resident Representative of UNDP are:

1. Annex II will have been approved by all the parties.
 2. The UNDP project ETH/72/001 will have been extended at least to June 1979, as agreed in the last tripartite review.
 3. Adequate budgetary and manpower resources are available to operate and maintain the vehicles and hydrometeorological equipment.
 4. Adequate measures will have been taken, in cooperation with the Livestock and Marketing Board, to avoid over-grazing in areas surrounding water wells.
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