

No. 16276

**UNITED STATES OF AMERICA
and
ETHIOPIA**

**Loan Agreement for Malaria Control Program—Phase V
(with annex). Signed at Addis Ababa on 26 September
1975**

Authentic text: English.

Registered by the United States of America on 27 January 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉTHIOPIE**

Accord de prêt concernant un programme de lutte antipaludique — phase V (avec annexe). Signé à Addis-Abeba le 26 septembre 1975

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 janvier 1978.

LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF ETHIOPIA AND THE UNITED STATES OF AMERICA FOR MALARIA CON- TROL PROGRAM—PHASE V

Dated: September 26, 1975

A.I.D. Loan No. 663-U-025

This Agreement provides that A.I.D. will lend the Government of Ethiopia up to \$7.2 million to assist the Government of Ethiopia in carrying out its Malaria Control Program.

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¹ Came into force on 26 September 1975 by signature.

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LOAN AGREEMENT dated September 26, 1975, between the GOVERNMENT OF ETHIOPIA ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article I. THE LOAN

Section 1.01. THE LOAN. A.I.D. agrees to lend to the Borrower pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed seven million two hundred thousand United States dollars (\$7,200,000) ("Loan") to assist the Borrower in carrying out the Program referred to in section 1.02 ("Program"). The Loan shall be used exclusively to finance United States dollar costs of goods and services required for the Program ("Foreign Exchange Costs") and local currency costs of goods and services required for the Program ("Local Currency Costs"). Except as A.I.D. may otherwise agree in writing, the amount of the Loan used to finance the Local Currency Costs shall not exceed thirty percent (30%) of the local cost of the Program in the first year and fifteen percent (15%) of the local cost of the Program in the second year. The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal".

Section 1.02. THE PURPOSE OF THE LOAN. The purpose of the Loan is to assist the Borrower in carrying out its Malaria Control Program ("the Program") by providing funds for procurement of commodities and services and payment of certain local currency costs. The Program and the items eligible for financing under this Loan are described more fully in annex I, attached hereto, which annex may be modified by means of Implementation Letters referred to in section 8.03.

Section 1.03. FUNDS AND RESOURCES TO BE PROVIDED BY BORROWER. (a) The Borrower agrees to make financial contributions to the Program which shall finance at least seventy percent (70%) of the Local Currency Costs of the Program in Ethiopian fiscal year 1968 (starting on July 1, 1975, A.D.) and at least eighty-five percent (85%) of the Local Currency Costs of the Program in Ethiopian fiscal year 1969 (starting on July 1, 1976, A.D.), provided that in any event, the Borrower's contributions to the Program, in cash or in kind, shall not be less than the equivalent of twenty-five percent (25%) of the overall foreign exchange and local currency costs of the Program.

(b) In addition to its required contributions under section 1.03(a) above, the Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Program.

Article II. LOAN TERMS

Section 2.01. INTEREST. Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum

thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in section 6.04), and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 2.02. REPAYMENT. Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 2.03. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the Office of Financial Management, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of Financial Management.

Section 2.04. PREPAYMENT. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

Section 2.05. RENEGOTIATION OF THE TERMS OF THE LOAN. Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Principal in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Ethiopia.

Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.01. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) an opinion of Borrower's Attorney General or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) a statement of the name of the person or persons who will act as the representative or representatives of the Borrower pursuant to section 8.02, together with evidence of his or their authority and a specimen signature of each person;
- (c) evidence that arrangements, acceptable to A.I.D., have been completed for off-shore procurement services;
- (d) plans, cost estimates and time schedules for carrying out the Program, including a schedule for Borrower's contributions required under section 1.03 and for utilization of the A.I.D. Loan.

Section 3.02. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT. (a) If all of the conditions specified in section 3.01 shall not have been

met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the Parties hereunder shall terminate.

Section 3.03. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT TO DISBURSEMENT. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in section 3.01 have been met.

Article IV. COVENANTS AND WARRANTIES

Section 4.01. EXECUTION OF THE PROGRAM. (a) Borrower shall carry out the Program with due diligence and efficiency, and in conformity with sound financial, administrative, and public health practices.

(b) Borrower shall cause the Program to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.

Section 4.02. CONTINUING CONSULTATION. Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either Party, exchange views through their representatives with regard to the progress of the Program, the performance by the Borrower of its obligations under this Agreement, the performance of the contractors and suppliers engaged on the Program, and other matters relating to the Program.

Section 4.03. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES. Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Program and the discharge of its obligations under this Agreement. Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Program or the discharge of the Borrower's obligations under this Agreement.

Section 4.04. COMMISSIONS, FEES, AND OTHER PAYMENTS. (a) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor 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 the Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. Borrower 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 made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in Ethiopia.

Section 4.05. MAINTENANCE AND AUDIT OF RECORDS. Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and

practices consistently applied, books and records relating both to the Program and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (c) the basis of the award of contracts and orders to successful bidders; and
- (d) the progress of the Program.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

Section 4.06. REPORTS. Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Program as A.I.D. may request.

Section 4.07. INSPECTIONS. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Program, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Program and the Loan. Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Ethiopia for any purpose relating to the Loan.

Section 4.08. CONTINUANCE OF REPRESENTATION AND MATTERS FURNISHED TO SATISFY CONDITIONS PRECEDENT. Unless A.I.D. otherwise agrees in writing, Borrower 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 this Agreement.

Section 4.09. TAXATION. (a) This Agreement, the amount to be lent hereunder, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Ethiopia.

(b) To the extent that (i) any contractor, including any consulting firm (such as a procurement services firm), any personnel of such contractor financed hereunder, any property or transactions relating to such contracts, and (ii) any commodity procurement transaction financed hereunder are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Ethiopia, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under section 1.03(b) of this Agreement with funds other than those provided under the Loan.

Section 4.10. MANAGEMENT. Borrower shall provide qualified and experienced management for the Program, and it shall train such staff as may be appropriate for the maintenance and operation of the Program.

Section 4.11. OPERATION AND MAINTENANCE. Borrower shall operate, maintain, and repair the equipment financed hereunder in conformity with sound engineering, financial, and administrative practices and in such manner as to insure the continuing and successful achievement of the purposes of the Program.

Section 4.12. UTILIZATION OF GOODS AND SERVICES. (a) Goods and services financed under the Loan shall be used exclusively for the Program, except as A.I.D. may otherwise agree in writing.

(b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

Article V. PROCUREMENT

Section 5.01. PROCUREMENT FROM CODE 941 COUNTRIES. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to section 6.01 shall be used exclusively to finance the procurement for the Program of goods 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. Ocean shipping shall qualify as an eligible service provided the vessel furnishing the transportation services is registered in a country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

Section 5.02. PROCUREMENT FROM ETHIOPIA. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to section 6.02 shall be used exclusively to finance the procurement for the Program of goods and services having both their source and origin in Ethiopia.

Section 5.03. ELIGIBILITY DATE. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 5.04. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS. The definitions applicable to the eligibility requirements of sections 5.01 and 5.02 will be set forth in detail in Implementation Letters.

Section 5.05. PLANS, SPECIFICATIONS, AND CONTRACTS. (a) Except as A.I.D. may otherwise agree in writing, Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, purchase orders, bid documents, contracts, and agreements relating to the Program and any modifications therein.

(b) Except as A.I.D. may otherwise agree in writing, all of the plans, specifications, and purchase orders furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

(c) Except as A.I.D. may otherwise agree in writing, all bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance. All plans, specifications, and other documents relating to goods and services financed under the Loan shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

(d) Contracts financed under the Loan for such services and such equipment and materials as A.I.D. may specify shall be approved by A.I.D. in writing prior to their execution.

In case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

Section 5.06. REASONABLE PRICE. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

Section 5.07. SHIPPING AND INSURANCE. (a) Goods financed under the Loan shall be transported to Ethiopia on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

(b) 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 percent (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 percent (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.

(c) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(d) If, in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, Ethiopia, by statute, decree, rule, or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods procured from the United States and financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(e) Unless A.I.D. otherwise agrees in writing, Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of their use in the Program. Such insurance shall be issued upon terms consistent with sound commercial practice and cover the full value of the goods, and the proceeds thereof shall be payable in United States dollars or in an other freely convertible currency. Any indemnification received by Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin as specified in section 5.01 and otherwise be subject to the provisions of this Agreement.

Section 5.08. NOTIFICATION TO POTENTIAL SUPPLIERS. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

Section 5.09. UNITED STATES GOVERNMENT-OWNED EXCESS PROPERTY. Where applicable, Borrower shall utilize, with respect to goods financed under the Loan to which Borrower takes title at the time of procurement, such United States Government-owned excess property as may be consistent with the requirements of the Program and as may be available within a reasonable period of time. Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such excess property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such excess property, may be financed under the

Loan. Prior to the procurement of any goods, other than excess property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from United States Government-owned excess property on a timely basis or that the goods that can be made available are not technically suitable for use in the Program.

Section 5.10. INFORMATION AND MARKING. Borrower shall give publicity to the Loan and the Program as a program supported by United States aid and mark goods financed under the Loan, as prescribed in Implementation Letters.

Article VI. DISBURSEMENTS

Section 6.01. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS—LETTERS OF COMMITMENT TO UNITED STATES BANKS. Upon satisfaction of conditions precedent, Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for dollar costs of goods and services procured for the Program in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

Section 6.02. DISBURSEMENT FOR LOCAL CURRENCY COSTS. Upon satisfaction of conditions precedent, Borrower may, from time to time, request disbursement by A.I.D. of local currency for Local Currency Costs of goods and services procured for the Program in accordance with the terms and conditions of this Agreement by submitting to A.I.D. such supporting documentation as A.I.D. may prescribe in Implementation Letters. A.I.D., at its option, may make such disbursements from Ethiopian currency owned by the U.S. Government or obtained by A.I.D. with United States dollars.

The United States dollar equivalent of the local currency made available hereunder will be the amount of United States dollars required by A.I.D. to obtain Ethiopian currency if purchased, or if otherwise obtained, the dollar equivalent of the funds disbursed, on the date of disbursement using the exchange rate then lawfully existing in Ethiopia.

Section 6.03. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

Section 6.04. DATE OF DISBURSEMENT. Disbursements by A.I.D. shall be deemed to occur (a) in the case of disbursements pursuant to section 6.01, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment and (b) in the case of disbursements pursuant to section 6.02, on the date on which A.I.D. disburses the local currency to the Borrower or its designee.

Section 6.05. TERMINAL DATE FOR COMMITMENT AND DISBURSEMENT. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment, or other commitment documents which may be called for by another form of disbursement under section 6.03 or amendment thereto shall be issued in response to requests received by A.I.D. after twenty-four (24) months from the date of satisfaction of conditions to

disbursement and no disbursement shall be made against documentation received by A.I.D. or any bank described in section 6.01 after thirty (30) months from the date of satisfaction of conditions to disbursement. A.I.D., at its option, may at any time after thirty months from the date of satisfaction of conditions to disbursement reduce the Loan by all or any part thereof for which documentation was not received by such time.

Article VII. CANCELLATION AND SUSPENSION

Section 7.01. CANCELLATION BY THE BORROWER. Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (1) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or (2) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

Section 7.02. EVENTS OF DEFAULT; ACCELERATION. If any one or more of the following events ("Events of Default") shall occur:

- (a) Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Program with due diligence and efficiency;
- (c) Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D., or any of its predecessor agencies,

then A.I.D. may, at its option, give to the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the event of default is cured within such sixty (60) days:

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

Section 7.03. SUSPENSION OF DISBURSEMENT. In the event that at any time:

- (a) an Event of Default has occurred;
- (b) an event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies;

then A.I.D. may, at its option:

- (i) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) decline to make disbursements other than under outstanding commitment documents;

- (iii) decline to issue additional commitment documents;
- (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside Ethiopia, are in a deliverable state and have not been offloaded in ports of entry in Ethiopia. Any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from Principal.

Section 7.04. CANCELLATION BY A.I.D. Following any suspension of disbursements pursuant to section 7.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

Section 7.05. CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

Section 7.06. REFUNDS. (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise or any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. However, in the event that such disbursement was originally made in local currency and if A.I.D. determines that the amount of such refund can be used to pay the Local Currency Costs of other goods and services approved for financing under the Loan, A.I.D. will accept such refund in local currency. Refunds under this section shall be made available first for the cost of goods and services procured for the Program hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third Party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Program hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan will be reduced by the amount of such remainder.

Section 7.07. EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in section 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

Section 7.08. NON-WAIVER OF REMEDIES. 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 such rights, powers, or remedies.

Article VIII. MISCELLANEOUS

Section 8.01. COMMUNICATIONS. Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram 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 to such Party by hand or by mail, telegram, cable, or radiogram at the following addresses:

To Borrower:

Mail address:

Ministry of Finance
Government of Ethiopia
Addis Ababa, Ethiopia

Cable address:

MINFINANCE
Addis Ababa, Ethiopia

To A.I.D.:

Mail address:

Director
Regional Economic Development Services Office/EA
c/o Director
USAID Mission to Ethiopia
The American Embassy
Addis Ababa, Ethiopia

Cable address:

AMEMBASSY
Nairobi, Kenya

Borrower, in addition, shall provide the Director, USAID Mission to Ethiopia, with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice. Except as A.I.D. may otherwise agree in writing, all notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, and if the original of any such communication or document is in other than English, a copy in the language of the original shall also be submitted.

Section 8.02. REPRESENTATIVES. For all purposes relative to this Agreement, Borrower will be represented by the individual holding or acting in the office of the Minister of Finance and A.I.D. will be represented by the individual holding or acting in the office of Director, Regional Economic Development Services Office, Nairobi, Kenya. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of representative hereunder, Borrower shall submit a statement of representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this section, it may accept the signature of any such representative or representatives as conclusive evidence that any action effected by such instrument is duly authorized.

Section 8.03. IMPLEMENTATION LETTERS. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

Section 8.04. ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of any successor or assignee of A.I.D. This Agreement may not be assigned nor may any obligations hereunder be delegated by the Borrower without the written consent of A.I.D.

Section 8.05. PROMISSORY NOTES. At such time or times as A.I.D. may request, Borrower shall issue promissory notes or such other evidence of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

Section 8.06. TERMINATION UPON FULL PAYMENT. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, the Government of Ethiopia and the United States of America, acting through A.I.D., have executed this Loan Agreement on the day and year first written above:

Government of Ethiopia:

By: [Signed — Signé]¹
Title: Minister of Finance

United States of America:

By: [Signed — Signé]²
Title: Ambassador

A N N E X I

DESCRIPTION OF THE PROGRAM

Phase V of the Malaria Control Program consists of the ninth and tenth years (starting on July 1, 1975 and 1976, respectively) of the program developed by the Government of Ethiopia's Malaria Eradication Service (M.E.S.) and described in detail in the "Plan of Operations" for control of malaria in Ethiopia by 1980, and as amended by the approved "Plan of Operations" for 1975-1978. The Program involves: (1) intensive application of DDT to inhabited structures in malarious areas of the country, and (2) treatment of actual cases to reduce the incidence of malaria and prevent the occurrence of malaria epidemics. This method has been developed with assistance from and is to be carried out in accordance with standards set by and with further assistance of the World Health Organization.

The A.I.D. Loan will be used to finance 100 percent of the foreign exchange requirements of the Phase V program, including the purchase of DDT, drugs, vehicles and spare parts. The A.I.D. Loan will also be available to finance up to 30 percent of local currency requirements of the Program in year one and up to 15 percent of local currency requirements in year two. The balance of local currency requirements in these two years will be borne by the Borrower.

¹ Signed by N. Desta — Signé par N. Desta.

² Signed by Arthur W. Hummel — Signé par Arthur W. Hummel.