

L O A N A G R E E M E N T

between the

IMPERIAL ETHIOPIAN GOVERNMENT

and the

UNITED STATES OF AMERICA

for the

Agricultural Sector II

Dated: July 5, 1971

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L O A N A G R E E M E N T dated the 5th day of July 1971, between the IMPERIAL ETHIOPIAN GOVERNMENT ("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. Pursuant to the Foreign Assistance Act of 1961 as amended, A.I.D. hereby agrees to lend Borrower an amount not to exceed Five Million United States dollars (\$5,000,000) ("Loan") for the support of agricultural development activities in accordance with the terms and conditions of the Agreement. The aggregate amount disbursed hereunder is hereinafter referred to as "Principal."

SECTION 1.02. The Purpose of Loan. The purpose of the Loan is to assist the Borrower in the development of the agricultural sector by providing Ethiopian currency, generated by the United States Dollars provided by this loan, for support of such agricultural development activities as agreed upon by the Joint Committee described in Section 4.01 below.


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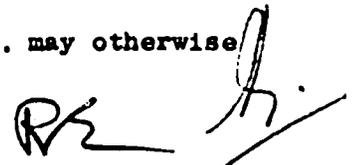
ARTICLE II

Loan Terms

SECTION 2.01. Interest. Borrower shall pay 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 5.03) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. 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 the Principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual 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 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


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specify in writing, all such payments shall be made to the order of the "Agency for International Development" and shall be deemed paid when received by USAID/Ethiopia, Addis Ababa or as otherwise specified by A.I.D.

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

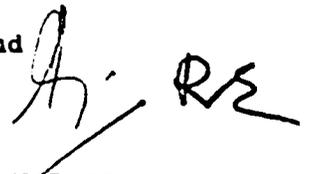
SECTION 2.05. Renegotiation of the Terms of the Loan. Borrower agrees to negotiate with A.I.D., at such time; or times as A.I.D. may request, acceleration of the repayment of the Principal in the event that there is any significant improvement in the internal and external economic and financial position of the Borrower.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement. Prior to the first disbursement 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.:

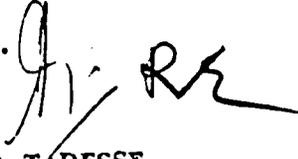
(a) An opinion satisfactory to A.I.D. of the Ministry of Justice of Borrower or of other counsel satisfactory to A.I.D. that this agreement has been duly authorized or ratified by, and executed on behalf of, Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms; and



(b) The name of the person or persons who will act as the representative or representatives of Borrower pursuant to Section 7.02 together with evidence of his or their authority and a specimen signature of each person.

SECTION 3.02. Terminal Date for Meeting Conditions Precedent to Initial Disbursement. If all of the conditions specified in Section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or by such later date as A.I.D. may agree to in writing, A.I.D., at its option, may at any time thereafter cancel the then undisbursed balance of the Loan or terminate this Agreement by giving notice to Borrower. Upon the giving of such notice of termination Borrower shall immediately repay any Principal then outstanding and pay any accrued interest. Upon such notice and subject to this Section, all obligations of the parties hereunder shall terminate.

SECTION 3.03. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in Section 3.01 have been met.


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ARTICLE IV

Covenants and Warranties

SECTION 4.01. Continuing Consultation: Joint Committee.

Borrower and A.I.D. shall cooperate fully to assure that the purposes of this Agreement will be accomplished. To this end, Borrower and A.I.D. shall establish a Joint Committee which will have the authority and responsibility to determine by mutual agreement of the parties' representatives on the Committee for what purposes the Ethiopian currency purchased by this Loan will be allocated in support of agricultural development activities. This Joint Committee shall also review the progress made under this loan and consider and review other matters relating to this Agreement. Unless A.I.D. and Borrower otherwise agree, the Joint Committee shall meet at least twice a year.

SECTION 4.02. Taxation. This Agreement, the amount agreed to be lent hereunder, and any evidences 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 any laws in effect within Ethiopia. No clearly identifiable taxes, tariffs, duties, or other levies of any nature whatsoever imposed under any laws in effect in Ethiopia may be financed hereunder.

SECTION 4.03. Utilization of Ethiopian Currency. Except as A.I.D. may otherwise agree in writing, Borrower shall use the Ethiopian currency generated by the Loan only for agricultural sector development activities as shall be agreed upon by the Joint Committee. Borrower shall use the Ethiopian currency generated by the loan for the procurement of equipment, materials and services in Ethiopia, except as A.I.D. may otherwise agree in writing. Borrower shall use its best efforts to prevent the use of Ethiopian currency

generated by the Loan 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 Code Book as in effect at the time of such projected use, except with the prior written consent of A.I.D.

SECTION 4.04. Commissions, Fees and Other Payments.

Borrower warrants and covenants that in connection with obtaining the assistance to be furnished hereunder or any action under 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 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 Borrower's full time officers and employees or as compensation for bona fide professional, technical, or other 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 and if the amount of any such payment is deemed unreasonable by A.I.D., Borrower shall cause a reduction satisfactory to A.I.D. to be made therein.

SECTION 4.05. Records and Inspections. Borrower shall maintain or cause to be maintained books, records and other documents pertaining to this Agreement and transactions hereunder and shall enable A.I.D. to inspect such records and documents for three years after disbursement of all funds deposited into the special account.

SECTION 4.06. Reports. Borrower shall furnish A.I.D. such information and reports relating to the Loan as A.I.D. may reasonably request.


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SECTION 4.07. Undertakings. Borrower shall, except as A.I.D. may otherwise agree in writing:

(a) Assure that actual I.E.G. self-financed capital expenditures on the agricultural sector (as mutually defined by the I.E.G. and A.I.D.) in Ethiopian FY 1964 (U.S. FY 1972) increase significantly over those of Ethiopian FY 1963 (U.S. FY 1971), and at least by more than an amount proportional to the increase in domestic revenues;

(b) Assure that actual total I.E.G. self-financed capital expenditures in Ethiopian FY 1964 (U.S. FY 1972) increase significantly over those of Ethiopian FY 1963 (U.S. FY 1971), and at least by an amount proportional to the increase in domestic revenues; and

(c) Make continued progress in agricultural development through improvement of the sector's absorptive capacity.

SECTION 4.08. Notice of Material Developments. Borrower represents and warrants that it has disclosed to A.I.D. all circumstances which may materially affect the utilization of this Loan or the discharge of Borrower's obligations under this Agreement and covenants 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 Borrower's obligations under this Agreement.


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ARTICLE V

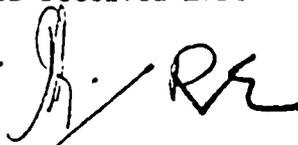
Disbursements

SECTION 5.01. Requests for Disbursements. Upon satisfaction of Conditions Precedent, the Borrower or its designee may from time to time submit to A.I.D. a request for disbursement of loan funds. Upon receipt of Borrower's written request in form and substance satisfactory to A.I.D., A.I.D. shall purchase Ethiopian dollars with loan proceeds, in accordance with the terms of this Agreement, at the rate of exchange computed in accordance with implementation memoranda issued hereunder. The Ethiopian Dollars purchased hereunder will be deposited into a Special Account established in the National Bank of Ethiopia to be utilized in accordance with the procedures specified in the implementation memoranda issued hereunder.

SECTION 5.02. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as Borrower and AID may agree to in writing.

SECTION 5.03. Date of Disbursement. Disbursements hereunder shall be deemed to occur on the date on which payment by A.I.D. is made into the Special Account.

SECTION 5.04. Terminal Dates for Disbursements. Except as A.I.D. may otherwise agree in writing, no disbursements shall be made against requests received more than 24 months after the date of this Agreement.


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ARTICLE VI

Cancellations and Suspensions

SECTION 6.01. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur

(a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;

(b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;

(c) The 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, such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately.

SECTION 6.02. 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) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(d) The 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, and 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 disbursement requests to the extent that they have not been utilized.

(ii) decline to make disbursements other than under outstanding disbursement requests;

SECTION 6.03. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 3.02, 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., at its option, may, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed, including outstanding disbursement requests to the extent that they have not been utilized.



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SECTION 3.04. Continued Effectiveness of Agreement.

Notwithstanding any cancellation, suspension of disbursements, 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 3.05. Refunds. In the case of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of 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 days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project 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 to 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.

SECTION 3.06. Expenses of Collection. All reasonable costs incurred by A.I.D., other than 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 Borrower and reimbursed to A.I.D. as A.I.D. may specify.

SECTION 3.07. 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.

SECTION 6.03. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse.

ARTICLE VII

Miscellaneous

SECTION 7.01. Communications.

(a) Any notice, request, document, or other communication given, made, or sent by Borrower or A.I.D. pursuant to this Agreement shall be in writing and shall be deemed to have been fully given, made, or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such party at the following address:

To Borrower (three copies):

Mail Address: Ministry of Finance

Imperial Ethiopian Government

Addis Ababa, Ethiopia

Cable Address: Finance Ministry

Addis Ababa, Ethiopia


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To A.I.D. (three copies)

Mail Address: Office of East African Affairs
Bureau for Africa
Agency for International Development
c/o Mission Director
USAID/Mission to Ethiopia
The American Embassy
Addis Ababa, Ethiopia

Cable Address: A.I.D.

Washington, D. C

Borrower, in addition, shall provide the USAID Mission, Addis Ababa, with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice.

- ') (b) Except as A.I.D. may otherwise agree in writing, (i) all notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, and (ii) 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 7.02. Representatives. Borrower hereby designates the Minister of Finance as its plenary representative hereunder. Borrower's plenary representative shall have authority to designate by written notice additional plenary representatives. Borrower's plenary representatives hereunder, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of Borrower to any modification of this Agreement. Each notice of designation of a plenary representative

of Borrower shall contain the name and specimen signature of each such representative so designated. Until receipt by A.I.D. of notice of revocation of the authority of any of the plenary representatives of Borrower designated pursuant to this Section, A.I.D. may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized by Borrower.

SECTION 7.03. Public Information. Borrower shall cooperate with A.I.D. in making information concerning this loan public.

SECTION 7.04. 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 Borrower without the written consent of A.I.D.

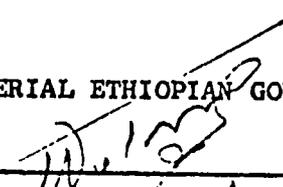
SECTION 7.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of Borrower and A.I.D. hereunder shall terminate.


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IN WITNESS WHEREOF, the IMPERIAL ETHIOPIAN GOVERNMENT and the UNITED STATES OF AMERICA, acting through A.I.D., have executed this Loan Agreement on the day and year first written above:

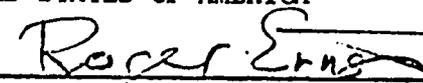


IMPERIAL ETHIOPIAN GOVERNMENT

By: 

Title: MAMMO TADESSE
MINISTER

UNITED STATES OF AMERICA

By: 

Title: Roger Ernst
Director-Counselor