

ETHIOPIA



Treaty Series No. 18 (1972)

**Exchange of Notes**  
concerning an Interest-free  
Loan by the Government of  
the United Kingdom of Great Britain  
and Northern Ireland to the  
Government of the Empire of Ethiopia  
(Ethiopia/United Kingdom Agricultural Equipment  
Loan Agreement 1971)

Addis Ababa, 6 August 1971

[The Exchange of Notes entered into force on 6 August 1971]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
March 1972*

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**EXCHANGE OF NOTES  
CONCERNING AN INTEREST-FREE LOAN BY THE  
GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND TO THE GOVERNMENT OF THE  
EMPIRE OF ETHIOPIA (ETHIOPIA/UNITED KINGDOM  
AGRICULTURAL EQUIPMENT LOAN AGREEMENT 1971)**

No. 1

*The British Chargé d'Affaires at Addis Ababa to the  
Minister of Finance of Ethiopia*

*British Embassy,  
Addis Ababa.*

Your Excellency,

6 August 1971.

I have the honour to refer to the Credit Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Empire of Ethiopia providing for the granting by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Empire of Ethiopia of credit up to the amount of £2,000,000 (two million pounds sterling) which was executed at Addis Ababa by an exchange of Diplomatic Notes on 26th March and 1st April, 1964, and ratified on behalf of the Government of the Empire of Ethiopia by Proclamation No. 250 of 1967 (the "British Credit Agreement Proclamation, 1967"). I have to inform Your Excellency that the Government of the United Kingdom are now prepared to conclude an Agreement with the Government of the Empire of Ethiopia for the utilization of a portion of the credit on the lines indicated herein. The Government of the United Kingdom proposes that the position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of the Empire of Ethiopia as regards associated matters shall be as respectively set out in Part A and Part B below.

A. The Government of the United Kingdom declare that it is their intention to make available to the Government of the Empire of Ethiopia by way of an interest-free loan a sum not exceeding £300,000 (three hundred thousand pounds sterling) towards the cost of the provision of equipment for the development of agriculture in the Empire of Ethiopia.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of the Empire of Ethiopia shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.

(2) (a) For the purposes of these arrangements the Government of the Empire of Ethiopia shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as

“ the Account ”) with a bank in London (hereinafter referred to as “ the Bank ”). The Account shall be opened solely for the purposes of the loan and in accordance with the instructions contained in the said request.

- (b) As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of the Empire of Ethiopia shall furnish the Government of the United Kingdom with a copy of the Government's instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of the Empire of Ethiopia shall at the same time and so often as any change is made therein notify the Government of the United Kingdom of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities and Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.
  - (c) The Government of the Empire of Ethiopia shall instruct the Bank to forward monthly to the Government of the United Kingdom a statement of receipts to and payments from the Account.
- (3) Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the loan shall be used only:
- (a) For payments under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom, or in the case of chemical and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex B (Chemicals) or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom including charges for procurement raised by the Crown Agents for Overseas Governments and Administrations (hereinafter referred to as the Crown Agents) or for two or more of such purposes, being a contract which:
    - (i) provides for payment in sterling to persons carrying on business in the United Kingdom; and
    - (ii) is approved on behalf of the Government of the Empire of Ethiopia and accepted by the Government of the United Kingdom for financing from the loan; and
    - (iii) is entered into after the date of this Note and before 30 September 1972.
  - (b) For payment of sterling bank charges payable in the United Kingdom to the bank in respect of its services in connection with this loan.
- (4) (a) Where the Government of the Empire of Ethiopia proposes that part of the loan shall be applied to a contract, that Government shall ensure that there are forwarded at the earliest opportunity to the Government of the United Kingdom:

- (i) a copy of the contract; and
    - (ii) two copies of a certificate from the contractor concerned in the United Kingdom in the form set out in Annex B or Annex B (Chemicals) (whatever is appropriate) to this Note.
  - (b) The Government of the Empire of Ethiopia shall ensure that the Government of the United Kingdom is informed if at any time a contract (being a contract in respect of which documents have been forwarded in accordance with the foregoing provisions) is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the relevant documents so forwarded; and in any of these cases the Government of the Empire of Ethiopia shall ensure that there are forwarded as soon as possible to the Government of the United Kingdom the relevant supplementary or revised documents.
- (5) (a) After the Government of the United Kingdom have considered the documents forwarded in respect of any contract in pursuance of the procedure described in the foregoing provisions of this Note and any additional information which it may request from the Government of the Empire of Ethiopia for this purpose (and which that Government shall then supply), the Government of the United Kingdom shall notify that Government in the form set out in Annex C to this Note whether and to what extent it accepts that a contract is eligible for payment from the loan.
- (b) To the extent that the Government of the United Kingdom so accepts a contract and agrees to payment from the Account, it shall, on receipt of a request from the Government of the Empire of Ethiopia in the form set out in Annex D to this Note giving details of the payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.
- (c) Unless the Government of the United Kingdom otherwise agrees payments into the Account shall not be made after the 31 March 1973.
- (6) (a) Withdrawals from the Account shall be made in accordance with Payment Authorities in the form shown in Annex E hereto duly signed on behalf of the Government of the Empire of Ethiopia and countersigned on behalf of the Government of the United Kingdom. Each Payment Authority shall be forwarded in duplicate to the Government of the United Kingdom for countersignature and it shall be accompanied by Payment Certificates from the contractors concerned in the form shown in Annex F hereto and the invoice (or a photocopy or duplicate of such invoices) referred to therein or the invoices only for Crown Agents procurement charges or certain contracts in respect of which a Contract Certificate in the form shown in Annex B (Chemicals) hereto has been provided, for retention by the Government of the United Kingdom.
- (b) The bank shall debit the account with the charges referred to in sub-paragraph B3 (b) and inform the Government of the Empire of Ethiopia of the amounts so debited.

- (7) If any monies that have been paid out of the Account are subsequently refunded either by the contractor or by a guarantor, the Government of the Empire of Ethiopia shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.
- (8) The Government of the Empire of Ethiopia shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding shall be paid:

INSTALMENTS

<i>Date Due</i>	<i>Amount</i>
	£
6 February 1972 and on the 6 February in each of the succeeding 19 years ... ..	7,500
6 August 1972 and on the 6 August in each of the succeeding 19 years ... ..	7,500

- (9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of the Empire of Ethiopia shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding.
- (10) The Government of the Empire of Ethiopia shall ensure the provision of such finance additional to the loan finance provided in accordance with the arrangements set out in this Note as may be needed to complete the project.

2. If the foregoing proposals are acceptable to the Government of the Empire of Ethiopia, I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments in this matter which shall enter into force on the date of your reply and that the agreement shall be referred to as the Ethiopia/United Kingdom Agricultural Equipment Loan 1971.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

R. B. DORMAN  
*Her Majesty's Chargé d'Affaires*

ANNEX A

GOVERNMENT OF THE EMPIRE OF ETHIOPIA

To: The Manager,

..... Bank Ltd.,  
London.

Dear Sir,

**Ethiopia/United Kingdom Agricultural Equipment Loan 1971**

1. I have to request you on behalf of the Government of the Empire of Ethiopia (hereinafter called "the Government") to open an account in the name of the Government to be styled the Ethiopia/United Kingdom Agricultural Equipment Loan 1971 Account (hereinafter called "The Account").

2. Payments into the Account may be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland. It is possible that, as a result of refunds becoming due from contractors, payments into the Account will also be made by the Government itself.

3. Payments from the Account are to be made only against Payment Authorities in the form marked Annex "E" attached hereto duly signed on behalf of the Government and countersigned on behalf of the Government of the United Kingdom.

4. You are to send to the Government of the United Kingdom and the Government of Ethiopia (Ministry of Finance) at the end of each month a detailed statement showing all debits and credits to the Account during the month.

5. You will notify the Government of Ethiopia (Ministry of Finance) from time to time of the amount required to be drawn from the loan so that the amount so drawn, together with any balance which may be available in the Account, will be sufficient to cover the total value of payments due under Payment Authorities duly signed on behalf of the Government and countersigned on behalf of the Government of the United Kingdom.

6. The following persons are severally authorised to sign Payment Authorities on behalf of the Government:

- 1.
- 2.
- 3.
- 4.

Specimens of the signature of each of the above are attached in duplicate.

7. Specimen signatures of the officers authorised to countersign Payment Authorities on behalf of the Government of the United Kingdom will be sent to you direct.

8. Charges and commissions claimed by you in respect of the operation of the Account are to be debited to the Account.

9. A copy of this letter has been sent to the Government of the United Kingdom.

Yours faithfully,

ANNEX B

Ethiopia/United Kingdom Agricultural Equipment Loan 1971

CONTRACT CERTIFICATE

(FOR CHEMICALS AND ALLIED PRODUCTS USE ALTERNATIVE  
" CERTIFICATE " OVERLEAF)

*Particulars of Contract*

1. Date of Contract..... 2. Contract No.....  
3. Description of Goods or services to be supplied to the purchaser.....

*If a number of items are to be supplied, a detailed list should be appended to this certificate.*

4. Total contract price payable by purchaser (state CIF, C & F or FOB)  
£.....

**IF GOODS ARE TO BE SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED.** If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods not originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* % of imported raw material or components used to manufacture:

- (a) % FOB value.....  
(b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value.....  
(b) Description of items and brief specifications.....

**IF SERVICES ARE TO BE SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED.**

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.).....  
(b) Local contractor.....

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above  
.....

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.





ANNEX B (CHEMICALS)

**Ethiopia/United Kingdom Agricultural Equipment Loan 1971**

**CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY**

1. Date of Contract..... Contract No.....  
 Project Title (if appropriate).....

2. Description of Product(s) to be supplied to Purchaser (Note A)	£ Price	U.K. Tariff Classification No. (Note B)	Is the product of U.K. origin? (See Note C) State Yes or No
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

3. Total [estimated] Contract Price payable by Purchaser in Sterling—£.....

4. (Declaration.) I hereby declare that I am employed in the United Kingdom by the contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed .....

Position held .....

Name and Address of Contractor .....

Date.....

NOTES

- A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35, and 37-40 of the U.K. Tariff.
- B. See:
- (i) H.M. Customs and Excise Tariff, H.M.S.O.
  - (ii) Classification of Chemicals in Brussels Nomenclature, H.M.S.O.
- C. (i) A product is regarded as "U.K. origin" if made *either* wholly from indigenous U.K. materials *or* according to the appropriate EFTA qualifying process using imported materials wholly or in part.
- (ii) The EFTA qualifying processes are set out in Schedule I of the "EFTA Compendium for Use of Exporters", H.M.S.O.
  - (iii) For the purposes of this declaration it is to be emphasised that the "alternative percentage criterion" DOES NOT APPLY.
  - (iv) The words "Area Origin" where they appear in the above Schedule must be taken to mean "U.K. Origin" only.
  - (v) For the purposes of this declaration, the "Basic Materials List" (Schedule III of the EFTA Compendium) does not apply.
  - (vi) If a qualifying process is not listed for the material in question, advice should be sought from Crown Agents, C.S.4 Department, 4 Millbank, London, SW1E 5SDH.
- D. For the purposes of this declaration the U.K. includes the Channel Islands and the Isle of Man.

ANNEX C

**Ethiopia/United Kingdom Agricultural Equipment Loan 1971**

To:

FCO (ODA) No.

We are pleased to inform you that we accept  
We regret to inform you that we cannot accept  
the contract, particulars of which are set out in the copy certificate attached hereto  
as eligible for payment from the above-mentioned loan to the extent of £

Date.....

Signed on behalf of the Government  
of the United Kingdom.

ANNEX D

**Ethiopia/United Kingdom Agricultural Equipment Loan 1971**

**REQUEST FOR DRAWING**

The following payments are expected to fall due under contracts accepted under the terms of the above-mentioned loan:

Name and address of Beneficiary	Contract No.	Date payment is due	Amount £

The amount available in the Special Account to meet the above payments is £ \_\_\_\_\_ and a further payment into the Account of £ \_\_\_\_\_ is hereby requested.

The sum of £ \_\_\_\_\_ now requested shall on payment into the Account constitute a drawing on the loan.

Date.....

Signed on behalf of the Government  
of the Empire of Ethiopia

To: The Government of the United Kingdom.

ANNEX E

Ethiopia/United Kingdom Agricultural Equipment Loan 1971

PAYMENT AUTHORITY

Serial No.

To: The Manager,  
.....Bank Ltd.,  
.....

Dear Sir,

..... ACCOUNT

You are hereby authorised to make the following payments from the above account on the dates stated:

Name and address of Contractor	Contract No.	Date	Amount

It is hereby certified the payments stated above are due in sterling to the contractors named above under the contracts specified above against the name of the relevant contractor who is carrying on business in the United Kingdom, the Channel Islands or the Isle of Man.

Date.....

Signed on behalf of the Government of the Empire of Ethiopia.

Date.....

Countersigned on behalf of the Government of the United Kingdom.

ANNEX F

**Ethiopia/United Kingdom Agricultural Equipment Loan 1971**

**PAYMENT CERTIFICATE**

I hereby certify that:

- (i) The payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No..... dated..... between the contractor named below and..... (Purchaser) and are in accordance with particulars of this contract notified in the contract certificate signed on behalf of the said contractor on.....

Contractor's Invoice No.	Date	Amount £	Short description of goods, works and/or services

- (ii) The amounts specified in paragraph (i) do not include any additional foreign content to that already declared in paragraphs 5, 6 or 7 of the contract certificate.
- (iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed .....

Position held .....

For and on behalf of .....

Name and Address of Contractor .....

Date .....

*Note:* For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

No. 2

*The Minister of Finance of Ethiopia to the British Chargé d'Affaires  
at Addis Ababa*

*Imperial Ethiopian Government,  
Ministry of Finance,  
Addis Ababa.*

Dear Sir,

6 August 1971.

I have the honour to acknowledge your Note dated 6 August 1971 which reads as follows:

[As in No. 1]

In reply, I have the honour to inform you that your proposal is acceptable to the Government of the Empire of Ethiopia and that your Note and its Annexes and this reply shall be regarded as constituting an Agreement between the two Governments which shall enter into force on today's date and shall be known as the Ethiopia/United Kingdom Agricultural Equipment Loan Agreement 1971.

Please accept, Sir, the assurance of my highest consideration.

MAMMO TADESSE  
*Minister*

[Annexes as in No. 1]

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