



Treaty Series No. 96 (1973)

Exchange of Notes

concerning an Aid Grant and Loan
by the Government of the United
Kingdom of Great Britain and Northern
Ireland to the Government of the
Empire of Ethiopia

(United Kingdom/Ethiopia Aid Grant and
Loan Agreement 1973)

Addis Ababa, 23 April 1973

[The Agreement entered into force on 23 April 1973]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 1973*

LONDON

HER MAJESTY'S STATIONERY OFFICE

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**EXCHANGE OF NOTES
CONCERNING AN AID GRANT AND LOAN BY THE
GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND TO THE GOVERNMENT
OF THE EMPIRE OF ETHIOPIA**

No. 1

*Her Majesty's Ambassador at Addis Ababa
to the Minister of Finance of Ethiopia*

*British Embassy,
Addis Ababa.*

23 April, 1973

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of Ethiopia and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Ethiopia in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitment of that Government and the Government 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 Ethiopia by way of financial assistance a sum not exceeding £5,000,000 (five million pounds sterling) towards the cost of development projects to be agreed. Of the total sum intended to be made available (hereinafter referred to as the "aid fund"), 40 per cent will be provided as a grant, and 60 per cent in the form of an interest-free loan. It is the intention of the Government of the United Kingdom that funds should be applied in these proportions to each project approved for financing under the Agreement and that each drawing shall be made on the same basis.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of that Government. The Government of Ethiopia shall adopt the arrangements and procedures so described insofar 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 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"), with sub-accounts for each of the agreed projects. The Account shall be operated for the purposes of the aid fund 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 aid fund, the Government of Ethiopia shall furnish the Government of the United Kingdom and the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London SW1 (hereinafter referred to as the "Crown Agents") with a copy of their request in accordance with the provisions of sub-paragraph (a). The Government of Ethiopia shall at the same time and so often as any change is made therein, notify the Government of the United Kingdom and the Crown Agents of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities, Payment Orders and Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate for each such officer.
- (3) (a) Where the Government of Ethiopia propose that part of the aid fund shall be allocated to the costs (as described in paragraph B(4)) of a project they shall forward to the Government of the United Kingdom through the British Embassy a description of the project and its location and shall provide such further details as the Government of the United Kingdom may require.
- (b) The Government of the United Kingdom shall notify the Government of Ethiopia whether their proposal to allocate part of the aid fund to the costs of a project is approved, the amount of the aid fund approved as provisionally allocated towards the offshore sterling costs and local costs and any special conditions attached to such approval. If the project has not previously been agreed between the Government of Ethiopia and the Government of the United Kingdom, the approval of the Government of the United Kingdom of a proposal under this sub-paragraph shall constitute the agreement of the project.
- (c) For the purposes of this Agreement "offshore sterling costs" are defined as costs payable outside Ethiopia, and "local costs" (which exclude import duty, sales tax or any other tax levied directly in Ethiopia) as costs payable in Ethiopia. Not more than 40 per cent of the aid fund shall be disbursed on local costs; the actual sums will be determined in exchanges of letters relating to each individual project.
- (4) Save and to the extent (if any) to which the Government of the United Kingdom may otherwise agree, drawings from the aid fund 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 C (Chemicals) to this Note, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more 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 Ethiopia and accepted on behalf of the Government of the United Kingdom for financing from the aid fund; and
 - (iii) is a contract entered into after the date of this Note and before 5 March 1977;
- (b) for reimbursing the Government of Ethiopia a proportion of payments made for a project by them being payments of costs incurred in Ethiopia in respect of:
- (i) the purchase of goods wholly produced or manufactured in Ethiopia; or
 - (ii) the purchase in Ethiopia, with the prior approval of the Government of the United Kingdom, of goods wholly produced or manufactured in the United Kingdom; or
 - (iii) the costs of services rendered by citizens of the United Kingdom and Colonies, or citizens of Ethiopia, in such proportion and in respect of such goods and services as are accepted by the Government of the United Kingdom for financing from the aid fund.
- (c) For payment of sterling bank charges payable in the United Kingdom to the Bank in respect of their services on behalf of the Government of Ethiopia in connection with this agreement;
- (5) (a) Where the Government of Ethiopia proposes that part of the aid fund shall be applied to a contract, that Government shall ensure that there are forwarded to the Crown Agents acting on behalf of the Government of the United Kingdom at the earliest opportunity:
- (i) a copy of the contract, or of a notification in the form set out in Annex B to this Note; and
 - (ii) two copies of a certificate from the United Kingdom contractor concerned in the form set out in Annex C or Annex C (Chemicals) (whichever is appropriate) to this Note.
- (6) (a) After the Crown Agents, acting on behalf of the Government of the United Kingdom, have considered the documents obtained in pursuance of the procedure described in the foregoing provisions of this Note, they shall decide whether and to what extent a contract is eligible for payment from the aid fund, and shall notify the Government of Ethiopia in the form set out in Annex C (i) to this Note whether and to what extent it accepts that a contract is eligible for payment from the aid fund.
- (b) To the extent that the Crown Agents acting on behalf of the Government of the United Kingdom so accept a contract or transaction and agree to payment from the Account and to the extent that reimbursement of costs incurred by the Government of Ethiopia is properly due from the Account, they shall on

receipt of a Request for Drawing from the Government of Ethiopia, in the form set out in Annex C (ii) to this Note, arrange payments in sterling into the Account, and each such payment shall constitute a drawing on the aid fund.

- (c) Unless the Government of the United Kingdom otherwise agrees, payments into the Account shall not be made after the 31 March 1978.
- (7) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph:
- (a) for payments due under a contract in the cases to which paragraph B (4) (a) refers, withdrawals shall be made in accordance with Payment Authorities in the form shown in Annex D hereto duly signed on behalf of the Government of Ethiopia and countersigned on behalf of the Government of the United Kingdom. Each Payment Authority shall be forwarded in duplicate to the Crown Agents acting on behalf of the Government of the United Kingdom for countersignature and shall be accompanied by Payment Certificates from the contractors concerned in the form shown in Annex E hereto and the invoices (or a photo-copy or duplicate of such invoices) referred to therein or the invoices only for contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided.
- (b) For reimbursements to the Government of Ethiopia in the cases to which paragraph B (4) (b) refers, withdrawals shall be made in accordance with Payment Orders in the form shown in Annex D (1) to this Note duly signed on behalf of that Government and countersigned on behalf of the Government of the United Kingdom. Each Payment Order shall be forwarded in duplicate to the Government of the United Kingdom for countersignature and shall be accompanied by a claim from the Government of Ethiopia in the form shown in Annex F to this Note.
- (c) For payments to which paragraph B (4) (c) refers, the Bank shall debit the Account from time to time, and inform the Government of Ethiopia of the amount so debited.
- (8) 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 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 refund to the reduction of the loan element of the aid fund.
- (9) The Government of Ethiopia shall repay to the Government of the United Kingdom in pounds sterling in London, the total loan element of the aid fund borrowed under the arrangements set out in this Note, such repayments 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 in relation to that date only the amount then outstanding need be paid.

INSTALMENTS

<i>Date due</i>	<i>Amount</i> £
On 23 October 1980 and on 23 October in each of the succeeding 17 years	83,300
On 23 April 1981 and on 23 April in each of the succeeding 16 years	83,300
On 23 April 1998	84,500

- (10) Notwithstanding the provisions of paragraph (9) of this Note, the Government 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 element of the aid fund that is still outstanding.
- (11) The Government of Ethiopia shall ensure the provision of such finance additional to the aid finance provided in accordance with the arrangements set out in this Note, as may be needed to complete each project.
- (12) The Government of Ethiopia shall supply to the Government of the United Kingdom an annual statement in duplicate in respect of local costs incurred on each approved project. The statement shall be countersigned by the Inspector General of the Ministry of Finance of the Government of Ethiopia and shall show the drawings made and the actual expenditure incurred during each financial year of the Government of Ethiopia for the purposes of sub-paragraph B (4) (b) of this Note and will certify that the expenditure was incurred in accordance with the terms and conditions on which the project was accepted for financing from aid fund. Such statements will be forwarded to the Government of the United Kingdom as soon as possible and, in any event, not later than 12 months after the end of each Ethiopian financial year.
- (13) In relation to goods and services provided with finance from the aid, the Government of Ethiopia shall permit officers from the British Embassy and other servants or agents of the British Government to examine on arrival any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods and services as the latter may reasonably require.

If the foregoing proposals are acceptable to the Government 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 which shall enter into force on the date of Your Excellency's reply, and which shall be known as the United Kingdom/Ethiopia Aid Grant and Loan Agreement 1973. I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

I have the honour to be,
with the highest consideration
and respect,
Your Excellency's obedient servant,
WILLIE MORRIS

ANNEX A

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

Dear Sir,

United Kingdom/Ethiopia Aid Grant and Loan 1973

1. I have to request you on behalf of the Government of Ethiopia (hereinafter called "the Government") to open an account in the name of the Government to be styled the United Kingdom/Ethiopia Aid Grant and Loan 1973 Account (hereinafter called "the Account").

2. Payments into the Account may be made from time to time by Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland. It is possible that, as a result of funds 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 in respect of the payments and reimbursements described in paragraph B (4) of the Agreement, a copy of which is attached hereto, and in the manner and subject to the conditions described in paragraph B (7) of that Agreement.

4. You are to send to the Ministry of Finance of the Government of Ethiopia and to the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London, S.W.1 (hereinafter referred to as the "Crown Agents") acting on behalf of the Government of the United Kingdom 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 from time to time of the amount required to be drawn from the aid fund 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 or reimbursements due under Payment Authorities or Payment Orders 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 and Payment Orders 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 and Payment Orders on behalf of the Government of the United Kingdom will be sent to you direct.

8. Your charges and commissions for acting as our agents in connection with this aid grant and loan shall be chargeable to the Account.

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

Yours faithfully,

ANNEX B

NOTIFICATION OF CONTRACT

United Kingdom/Ethiopia Aid Grant and Loan 1973

To: The Government of the United Kingdom

Notification of Contract No.....

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above Loan.

- 1. Name and address of United Kingdom contractor:
- 2. Date of Contract:
- 3. Name of Purchaser:
- 4. Short description of goods: and/or works or services:
- 5. Value of Contract: £
- 6. Terms of Payment:

Signed on behalf of the Ethiopian Government

Date.....

ANNEX C

Reg. No.:

United Kingdom/Ethiopia Aid Grant and Loan 1973

Acceptance No.

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.

Signed
 Position held
 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.
Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY				PAYMENTS			
Name or number of Project.....							
Amount committed	Date of entry	Acceptance		Date	Amount	PA No.	Initials
		Date	Initials				
£							

ANNEX C (CHEMICALS)

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	United Kingdom Tariff Classification No. (Note B)	Is the product of United Kingdom 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 United Kingdom 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 for Oversea Governments and Administrations, CS4 Department, 4 Millbank, London, S.W.1.

D. For the purpose of this declaration the U.K. includes the Channel Islands and the Isle of Man.

ANNEX C (i)

United Kingdom/Ethiopia Aid Grant and Loan 1973

To:
CS4 Contract 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 aid fund to the extent of £

Would you please ensure that the above ODM contract number is quoted on all payment documents and correspondence relating to this Contract.

.....
Signed by the Crown Agents,
on behalf of the Government
of the United Kingdom

Date.....

ANNEX C (ii)

United Kingdom/Ethiopia Aid Grant and Loan 1973

D.F. No.....

Please pay the sum of £..... to the United Kingdom/Ethiopia Aid Grant and Loan 1973 Account at the Bank Ltd.

This sum shall, on payment into the Account, constitute a drawing on the Aid Grant and Loan. The balance in hand is £.....

.....
For the Imperial Ethiopian Government

Funding approved ODA

ANNEX D

United Kingdom/Ethiopia Aid Grant and Loan 1973

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 Beneficiary	Contract No.	Date	Amount

This is to certify that the payments stated above are due in sterling to the beneficiaries named under the Contracts noted who are 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 E

United Kingdom/Ethiopia Aid Grant and Loan 1973

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 the 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 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.

ANNEX F

Serial No. of this Certificate

United Kingdom/Ethiopia Aid Grant and Loan 1973

CERTIFICATE OF EXPENDITURE AND REQUEST FOR DRAWINGS

	<i>Local Expenditure</i> £	<i>Imports from Britain</i> £
Ministry		
Project		
Period in which expenditure incurred.....		

Section I. Reimbursable expenditure since date of last claim

- (a) c.i.f. cost of imports from Britain purchased locally with prior approval of the Government of the United Kingdom (details overleaf)
- (b) Other costs being local expenditure on the Project (in period shown)
- (c) Proportion of paragraph (b) eligible for reimbursement being of local expenditure.....

Amount now being claimed	_____
(d) (a) plus (c)	£ _____

Section II. Summary

- (e) Estimated total of local costs of Project as approved
- (f) Costs covered by previous claims (copy paragraph (h) of the last claim submitted)
- (g) Costs covered by THIS claim (as paragraph (d) above)
- (h) **Total reimbursement claimed to date**

	£ _____

Section III.

CERTIFICATION

I certify that the above claim for £ (paragraph (d)) is correct and that the expenditure was incurred additional to that already claimed on previous certificates.

Date..... Signature.....
(Ministry Accountant)

Date..... Signature.....
(Ministry of Finance)

No. 2

*The Minister of Finance of Ethiopia to Her Majesty's Ambassador
at Addis Ababa*

*Imperial Ethiopian Government,
Ministry of Finance.*

Your Excellency,

23 April, 1973.

I have the honour to acknowledge Your Excellency's Note dated 23 April 1973 which reads as follows:

[As in No. 1]

In reply, I have the honour to inform Your Excellency that your proposal is acceptable to the Government of Ethiopia and that your Note and its Annexes together with this reply shall constitute an Agreement between the two Governments which shall enter into force on to-day's date, and which shall be known as the United Kingdom/Ethiopia Aid Grant and Loan Agreement 1973.

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

MAMMO TADESSE
Minister

[Annexes as in No. 1]