



**INTER-AMERICAN
DEVELOPMENT
BANK**

Treaty Series No. 42 (1966)

Agreement

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Inter-American Development Bank

to Provide for the Administration by the
Bank of Certain Funds to be made
available by the Government of the
United Kingdom for Economic
Assistance to Countries which are
Members of the Bank

with
Exchange of Letters

concerning the Shipment of British Goods financed under
the Agreement

Washington, 18 April 1966

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
July 1966*

LONDON

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AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
INTER-AMERICAN DEVELOPMENT BANK TO PROVIDE FOR
THE ADMINISTRATION BY THE BANK OF CERTAIN FUNDS
TO BE MADE AVAILABLE BY THE GOVERNMENT OF THE
UNITED KINGDOM FOR ECONOMIC ASSISTANCE TO
COUNTRIES WHICH ARE MEMBERS OF THE BANK

WHEREAS the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter generally referred to as "the Government") have indicated their desire to make a further contribution to the economic development of countries which are members of the Inter-American Development Bank through the extension of aid for this purpose;

WHEREAS the purpose of the Inter-American Development Bank (hereinafter generally referred to as "the Bank") is to contribute to the development of its member countries;

WHEREAS in the view of the Government and of the members of the Bank, the Bank is an appropriate multilateral institution through which such United Kingdom aid could be made available;

WHEREAS the Bank, in compliance with general policy directives from its Board of Governors, has determined that close co-operation with the Government for administration of United Kingdom aid to its member countries would strengthen the efforts of the Bank to foster the development of such countries;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

Basic Authorization of the Bank

On behalf of the Government and subject to the provisions of this Agreement, the Bank is authorised, as administrator, to make loans to any government, entity, or person in the member countries of the Bank, to assist in financing projects, which are consistent with the general lending policies of the Bank.

ARTICLE 2

Amounts Available

For the purpose of this Agreement, the Government shall make available £4,142,800 (four million one hundred and forty-two thousand eight hundred pounds sterling) to finance approved projects in member countries of the Bank.

ARTICLE 3

Terms of Loans

(a) Loans shall have maturities of from fifteen (15) to twenty-five (25) years with a grace period for the beginning of amortization payments of from nil to seven (7) years.

(b) The applicable rate of interest for each loan shall be agreed with the Government prior to the signing of each loan agreement.

(c) Consistent with its normal procedures, the Bank is authorised to require each borrower to pay to the Bank a commission of up to $\frac{1}{2}$ of 1 per cent per annum, payable in such currency as may be determined by the Bank, on amounts committed or outstanding to compensate it for services rendered on loans made under this Agreement.

(d) Amortization and interest shall be payable in pounds sterling.

ARTICLE 4

Expenditure of Funds in the United Kingdom

Funds made available under this Agreement shall be used only for the purchase in the United Kingdom of goods of United Kingdom manufacture and United Kingdom services. For the purpose of this Article the Government will indicate the definitions of United Kingdom goods and services to be adopted.

ARTICLE 5

Responsibility for Selection of Projects

The Bank shall have the primary responsibility for selecting, processing, and approving loan projects and, subject to the provisions of this Agreement, for establishing terms and conditions of loans, using its normal policies, procedures, and staff, provided, however, that the Bank shall consult the Government at an early stage in the selection of projects and thereafter from time to time during the processing and approval of projects, and shall obtain their consent to the terms of any loan agreement before signing such agreement. The Bank shall furnish to the Government such information and documentation as the latter shall reasonably request.

ARTICLE 6

Loan Agreements

Loan agreements shall be signed by the Bank on behalf of the Government. In loan projects where the Bank is also extending a loan from its own resources, separate agreements shall be signed by the borrower and the Bank with respect to the commitment of the Bank's resources and United Kingdom funds.

ARTICLE 7

Disbursements under Loans

The Bank shall be responsible for the collection and examination of contract and payment documents in respect of which disbursements are to be effected in accordance with the provisions of loan agreements and for ensuring compliance with Article 4 of this Agreement in accordance with the requirements of the Government. The disbursements of funds provided under loan agreements shall be made from special accounts to be opened by the Bank in London for that purpose. To the extent that payments fall due under loan agreements the Government will from time to time make payments into these accounts. All loan agreements shall provide for the borrower to submit the documentation required by the Government to the Bank. With respect to each disbursement, the Bank shall submit to the Government (through the Ministry of Overseas Development) such documents as may be agreed upon from time to time.

ARTICLE 8

Records of the Bank

The Bank shall maintain separate records and accounts of funds provided under this Agreement and shall make such of these records and accounts available to the Government as the latter may reasonably request, and in any event shall furnish to the Government, within sixty (60) days after the end of each fiscal year of the Government, an audited statement of account, including the status of each loan made hereunder with funds provided under this Agreement.

ARTICLE 9

Project Supervision

The Bank, on behalf of the Government, shall have the responsibility for project supervision and control but shall keep the Government informed with respect to the implementation of each project financed with funds made available under this Agreement.

ARTICLE 10

Standard of Care

The Bank shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs.

ARTICLE 11

Transferability of Obligations

Contracts entered into by the Bank on behalf of the Government shall contain provisions permitting the transfer of obligations arising thereunder from the Bank to the Government.

ARTICLE 12

Payments on Loans

All monies received in repayment of loans out of Government funds, or by way of interest thereon, shall be paid to the Bank, which, except as specified in Article 3 (c) of the Agreement, shall transfer such funds to the Government (through the Ministry of Overseas Development) within fifteen (15) days after their receipt by the Bank.

ARTICLE 13

Bank not Obligated

Loans made by the Bank under this Agreement shall not constitute part of the Bank's own resources or involve any financial obligation on the part of the Bank.

ARTICLE 14

Consultation

(a) The Government and the Bank shall consult with each other from time to time on all matters arising out of this Agreement.

(b) The Government shall from time to time designate an officer through whom such consultation may be effected and who shall be authorized to give the consent specified in Article 5 of this Agreement.

ARTICLE 15

Entry into Force, Amendment and Termination

(a) This Agreement shall enter into force on signature thereof.

(b) This Agreement may be extended to cover any additional funds which the Government may from time to time make available for the purposes of the Agreement.

(c) Either party may at any time propose revisions to this Agreement, particularly if it is extended to cover additional funds.

(d) If it appears to either party that the co-operation envisaged by this Agreement can no longer appropriately or effectively be carried out, this Agreement may be terminated at the initiative of such party on ninety-one (91) days' notice in writing.

(e) Upon termination of this Agreement, unless the parties agree on another course of action, any contracts entered into by the Bank on behalf of the Government shall be transferred to the latter and any funds or other property held hereunder by the Bank shall be returned to the Government and the Bank's administration on its behalf shall be considered terminated.

(f) In any discussion of termination, due consideration shall be given to the disposition of loans in process.

IN WITNESS WHEREOF the parties hereto have signed this Agreement in Washington, D.C. this 18th day of April nineteen hundred and sixty six, in two equally authentic originals.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

PATRICK DEAN

For the Inter-American Development Bank:

FELIPE HERRERA

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
INTER-AMERICAN DEVELOPMENT BANK**

No. 1

*Her Majesty's Ambassador at Washington to the President of the
Inter-American Development Bank*

British Embassy,

Washington, 18 April 1966.

Sir,

In connection with the Agreement signed today between the Inter-American Development Bank and Her Majesty's Government providing for the administration by the Bank of certain funds to be made available by Her Majesty's Government for economic assistance to countries which are members of the Bank, I have the honour to state that it is the understanding of Her Majesty's Government that British goods financed under this agreement will be shipped in accordance with normal commercial competitive practice and will not be directed to ships of any particular flag. I have the honour to propose that this letter, together with your acknowledgment of it, will place on record our mutual understanding and agreement on this matter.

I am,

Sir,

Yours truly,

PATRICK DEAN.

No. 2

*The President of the Inter-American Development Bank to Her Majesty's
Ambassador at Washington*

Inter-American Development Bank,

Washington, April 18, 1966.

Dear Mr. Ambassador.

I wish to acknowledge receipt of your letter of today's date which states:

[As in No. 1]

I have the honour to confirm that your letter, together with this acknowledgment of it, will place on record our mutual understanding and agreement on this matter.

Yours truly,

FELIPE HERRERA.

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