

No. 6753

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Agreement (with annexed Development Credit Agreement between Swaziland and the Association and Development Credit Regulations No. 1) relating to assistance to be supplied to Swaziland in carrying out the terms of the said Credit Agreement. Signed at Washington, on 13 March 1962

Official text: English.

Registered by the International Development Association on 31 May 1963.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Accord (avec, en annexe, le Contrat de crédit de développement entre le Souaziland et l'Association et le Règlement n° 1 sur les crédits de développement) relatif à l'assistance à fournir au Souaziland en application des termes dudit Contrat de crédit. Signé à Washington, le 13 mars 1962

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 31 mai 1963.

No. 6753. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION RELATING TO ASSISTANCE TO BE SUPPLIED TO SWAZILAND IN CARRYING OUT THE TERMS OF THE DEVELOPMENT CREDIT AGREEMENT BETWEEN SWAZILAND AND THE ASSOCIATION. SIGNED AT WASHINGTON, ON 13 MARCH 1962

BRITISH EMBASSY
WASHINGTON

March 13, 1962

International Development Association
1818 H Street N.W.
Washington 25, D.C.

Gentlemen :

1. I refer to the proposed Development Credit Agreement (*Road Project*) between the International Development Association and Swaziland.²

2. It is the policy of Her Majesty's Government in relation to the High Commission Territories and other dependent territories to provide financial help towards their approved development programs where these cannot be wholly financed from the territories' own resources, and to help them provide and maintain necessary basic services by budgetary support where the need for this is proved. So long as the United Kingdom remains responsible for the High Commission Territories this policy can be expected to continue, to the extent that the territories' needs are not met by financial help from other sources.

3. Her Majesty's Government understands that, in connection with the above-mentioned Credit, arrangements have been made to provide funds in an amount sufficient to meet the estimated cost of the Project of \$4.2 million equivalent. \$2.8

¹ Came into force on 3 April 1962, the date of entry into force of the Development Credit Agreement between Swaziland and the Association.

² See p. 334 of this volume.

million would come from the Credit and the remainder from Swaziland's other resources available for development expenditure. Should the cost of this project exceed \$4.2 million, Her Majesty's Government would, so long as they remain responsible for Swaziland, in consultation with the Association and the Borrower, take such action to assist the Borrower to obtain the needed funds as, in the exercise of their best judgment, Her Majesty's Government found appropriate and feasible in the light of all the circumstances and the general considerations mentioned in paragraph 2 above. In these consultations account would be taken of other possible courses of action, not excluding provision of needed funds by the Borrower or re-scheduling or modification of its expenditures on other development or on the Project so as to accomplish as nearly as may be the purpose of the Credit.

4. I wish also to confirm that as long as the United Kingdom Government is responsible for the High Commission Territories, the United Kingdom Government will grant any necessary permissions to the Territorial Governments to enable them to purchase the currencies required to service the credits made available to the Territorial Governments by the Association, and moreover, if difficulties were to arise over the provision of the foreign exchange required for the service of these credits, the United Kingdom Government would be willing to consider at the time with the Association and the Territorial Governments, and if necessary with the South African authorities, what appropriate measures it could take to overcome them.

Yours faithfully,

D. B. PITBLADO

DEVELOPMENT CREDIT AGREEMENT (*ROAD PROJECT*) BETWEEN SWAZILAND AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION.
SIGNED AT WASHINGTON, ON 14 MARCH 1962

AGREEMENT, dated March 14, 1962, between SWAZILAND (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties hereto accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,¹ subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit

¹ See p. 344 of this volume.

Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein, notwithstanding anything contained in Article I of such Regulations which might be deemed inconsistent with their application to this Agreement.

Section 1.02. For the purposes of this Agreement the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961, shall be deemed to be modified as follows :

(a) By the deletion of the words "The Borrower" in paragraphs (g) and (h) of Section 5.02 and the substitution therefor of the words "The United Kingdom of Great Britain and Northern Ireland".

(b) By the deletion of paragraph 5 and the second sentence of paragraph 6 of Section 9.01 and the substitution for such paragraph 5 of the following :

"5. The term 'Borrower' means Swaziland."

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million eight hundred thousand dollars (\$2,800,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account (i) the equivalent of 67 % (or such other percentage as may from time to time be agreed between the Borrower and the Association) of such amounts as shall have been paid for the reasonable cost of goods to be financed under this Credit Agreement ; and (ii) if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments to be made for the reasonable cost of such goods ; Provided, however, that no withdrawals shall be made on account of expenditures prior to August 1, 1961.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 1 and November 1 commencing May 1, 1972 and ending November 1, 2011, each instalment to and including the instalment payable on November 1, 1981 to be one-half of one per cent ($\frac{1}{2}$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Except as the Association shall otherwise agree, in the carrying out of the Project the Borrower shall employ or cause to be employed engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors satisfactory to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(d) The general design standards and the type of surfacing (including pavement) to be used for the Project shall be as determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

(e) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

¹ See p. 344 of this volume.

(f) The Borrower shall at all times make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project.

(g) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods and the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.02. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.03. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.04. This Agreement shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 4.05. The Borrower shall cause the roads constructed with the proceeds of the Credit to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices, and shall acquire all such maintenance equipment as shall be necessary for the purpose.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be June 1, 1964, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

The Secretariat
P.O. Box 47
Mbabane
Swaziland

Alternative address for cablegrams and radiograms :

Swazi
Mbabane (Swaziland)

For the Association :

International Development Association
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D.C.

Section 6.03. The High Commissioner for Basutoland, the Bechuanaland Protectorate and Swaziland is designated for the purposes of Section 7.03 of the Regulations.

Section 6.04. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Swaziland :

By C. A. AXWORTHY
Authorized Representative

International Development Association :

By J. Burke KNAPP
Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of the completion of the design for and construction of an all-weather two-lane highway across Swaziland from Oshoek on the South African border to Namaacha on the Mozambique border, a distance of approximately 112 miles. The sections of the highway, and their approximate lengths, will be as follows :

<i>Section</i>	<i>Approximate Length (Miles)</i>
1. Oshoek—Mbabane	14
2. Mbabane by-pass	2
3. Mbabane—Mahlanya	16
4. Mahlanya—Point X (Mpaka)	39
5. Point X (Mpaka)—Nokwane Intersection	24
6. Nokwane Intersection—Namaacha	17

The Project includes the construction of a bridge over the Black Umbuluzi River at Nokwane and all-weather road connections with a proposed railway terminal at Point A, 4 miles from the highway, and with the Nokwane-Mhlume mill road at Nokwane, 5 miles from the highway. Suitable junctions and connections with existing roads will be provided.

The sections of the road numbered 1 through 4 above are to be paved, while the other sections and the connections will be gravel surfaced.

It is expected that the Project will cost approximately \$4.2 million equivalent and will be completed by March 1964.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 415, p. 68.*]