

No. 7193

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TANGANYIKA**

Development Credit Agreement—*School Construction and Equipment Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 19 December 1963

Official text: English.

Registered by the International Development Association on 2 April 1964.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TANGANYIKA**

Contrat de crédit de développement — *Projet de construction d'écoles et d'achat de matériel scolaire* (avec lettres y relatives et, en annexe, le Règlement n°1 sur les crédits de développement). Signé à Washington, le 19 décembre 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 2 avril 1964.

No. 7193. DEVELOPMENT CREDIT AGREEMENT¹ (*SCHOOL CONSTRUCTION AND EQUIPMENT PROJECT*) BETWEEN THE REPUBLIC OF TANGANYIKA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 19 DECEMBER 1963

AGREEMENT, dated December 19, 1963, between the REPUBLIC OF TANGANYIKA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in financing a project for the construction and equipping of secondary schools which forms part of a five-year program for the development of education at the secondary level ; and

WHEREAS the Association has agreed to make a Credit to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961² (said Development Credit Regulations No. 1 being hereinafter called the Regulations) with the same force and effect as if they were fully set forth herein.

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 four million six hundred thousand dollars (\$4,600,000).

¹ Came into force on 4 March 1964, upon notification by the Association to the Government of Tanganyika.

² See p. 258 of this volume.

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. The Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account (i) the equivalent of such 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.

Except as the Borrower and the Association shall otherwise agree, no additional withdrawals shall be made as a result of an increase (if any) in the percentages referred to in the preceding paragraph on account of expenditures which have been used previously as the basis for withdrawals pursuant to this Agreement and no withdrawals shall be made on account of expenditures prior to January 1, 1963.

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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each May 15 and November 15 commencing November 15, 1973 and ending May 15, 2013, each installment to and including the installment payable on May 15, 1983, to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment 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.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical standards and with due regard to economy, and the schools included in the Project to be operated in accordance with sound educational practices.

(b) The Borrower shall cause the schools and equipment included in the Project to be adequately maintained and shall cause from time to time all necessary renewals and repairs to be made thereof.

(c) The Borrower shall cause to be furnished to the Association promptly upon their preparation, the architects' briefs, designs, specifications, contracts and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(d) The architects' briefs, designs, specifications, tender and contract documents and work schedules in connection with the construction of the new schools referred to in paragraph (b) of the Schedule to this Agreement shall be satisfactory to the Association.

(e) 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.

(f) 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 ministries or departments 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 with respect to the Project of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof.

¹ See p. 252 of this volume.

Section 4.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request with regard to the operation of the school system of the Borrower and its programs for educational development.

(b) The Borrower shall furnish or cause to be furnished to the Association, from time to time upon their preparation, any programs for the construction of new schools and the expansion of existing schools in its territories and shall afford the Association an opportunity to exchange views with the Borrower with respect thereto.

Section 4.03. (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 4.04. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.05. This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Section 4.06. Except as shall be otherwise agreed between the Borrower and the Association, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan which are to be imported into its territory. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territory of the Borrower, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

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 December 31, 1967 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

Section 6.03. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Permanent Secretary to the Treasury
Box 9111
Dar es Salaam, Tanganyika

Alternative address for cablegrams and radiograms :

Treasury
Dar es Salaam

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 6.04. The Minister for Finance of the Borrower is designated for the purposes of Section 7.03 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.

Republic of Tanganyika :

By C. DE N. HILL

Authorized Representative

International Development Association :

By J. Burke KNAPP

Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of the following :

- (a) the improving and expanding of facilities at 27 secondary schools ;
- (b) the construction of two new secondary schools ;
- (c) the completion of seven partially operating secondary schools ;
- (d) the adding of boarding facilities at nine secondary day schools ; and
- (e) the conversion of ten primary schools and teachers colleges to secondary schools.

The Project includes the equipping of these facilities with furniture, laboratory equipment, textbooks and other equipment.

It is expected that the Project will be completed by June 30, 1967.

LETTERS RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

I

REPUBLIC OF TANGANYIKA

December 19, 1963

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

Re : *Currency of Repayment*

Gentlemen :

We refer to the Development Credit Agreement (*School Construction and Equipment Project*) of even date¹ between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

¹ See p. 242 of this volume.

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) (or other than one designated under this clause (ii)) we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency.
- Whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty day period, be payable in the currency so selected.
- (v) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.
- (vi) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

Republic of Tanganyika :

By C. DE N. HILL

Authorized Representative

Confirmed:

International Development

Association :

By J. H. WILLIAMS

II

REPUBLIC OF TANGANYIKA

December 19, 1963

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

Re : Amendment of Development Credit Regulations

Gentlemen :

We refer to Section 1.01 of the Development Credit Agreement (*School Construction and Equipment Project*) of even date between us. For purposes of such Agreement, we hereby agree to the following modifications in Development Credit Regulations No. 1 of the Association dated June 1, 1961¹ which are made applicable to such Agreement by such Section :

(a) A new Section 3.04 is inserted after Section 3.03 as follows :

"SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.*

If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03."

(b) Section 3.04 is renumbered as Section 3.05.

Could you please indicate your agreement with the foregoing modifications by signing the form of confirmation on the attached copy of this letter and returning it to us.

Very truly yours,

Republic of Tanganyika :

By C. DE N. HILL

Authorized Representative

Confirmed:

International Development
Association :

By J. Burke KNAPP

¹ See p. 258 of this volume.

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.]*