

No. 7781

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

**Agreement (with annexed Development Credit Agreement—*Road Project*—dated 3 August 1964 between the Association and the Bechuanaland Protectorate, and Development Credit Regulations No. 1) relating to assistance to be furnished to the Bechuanaland Protectorate in carrying out the terms of the said Development Credit Agreement. Washington, 31 July 1964**

*Official text: English.*

*Registered by the International Development Association on 18 May 1965.*

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**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 — *Projet relatif à la construction de routes* — en date du 3 août 1964 entre l'Association et le Protectorat du Betchouanaland, et le Règlement n° 1 sur les crédits de développement) relatif à l'aide à fournir au Protectorat du Betchouanaland pour l'application dudit Contrat de crédit de développement. Washington, 31 juillet 1964**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 18 mai 1965.*

No. 7781. AGREEMENT<sup>1</sup> BETWEEN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO ASSISTANCE TO BE FURNISHED TO THE BECHUANALAND PROTECTORATE IN CARRYING OUT THE TERMS OF THE DEVELOPMENT CREDIT AGREEMENT DATED 3 AUGUST 1964<sup>2</sup> BETWEEN THE ASSOCIATION AND THE BECHUANALAND PROTECTORATE. WASHINGTON, 31 JULY 1964

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BRITISH EMBASSY  
WASHINGTON

31 July 1964

International Development Association  
1818 H Street N.W.  
Washington, D.C. 20433

Dear Sirs :

I refer to the proposed Development Credit Agreement (*Road Project*)<sup>2</sup> between the International Development Association and the Bechuanaland Protectorate.

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 programmes, 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 Bechuanaland Protectorate, this policy can be expected to continue to the extent that the Protectorate's needs are not met by financial help from other sources.

3. Her Majesty's Government understand 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 \$4.6 million equivalent. \$3.6 million would come from the Credit and the remainder from the resources

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<sup>1</sup> Became effective on 24 December 1964, the date on which the Development Credit Agreement between the Association and the Bechuanaland Protectorate (see p. 208 of this volume) came into force, upon notification by the Association to the Bechuanaland Protectorate.

<sup>2</sup> See p. 208 of this volume.

of the Bechuanaland Protectorate which include financial assistance from Her Majesty's Government. Her Majesty's Government confirm that the funds to be provided from such assistance would be made available to the Bechuanaland Protectorate promptly as required to enable it to meet contractors' and suppliers' billings. Should the cost of this Project exceed \$4.6 million, Her Majesty's Government, so long as they remain responsible for the Bechuanaland Protectorate, would take such action, in consultation with the Association and the Bechuanaland Protectorate, as, in the exercise of their best judgment, Her Majesty's Government considered appropriate and feasible in the light of all the circumstances to assist the Bechuanaland Protectorate to obtain the needed funds. If, before the completion of the Project, a constitutional change were made whereby Her Majesty's Government would no longer be responsible for the Bechuanaland Protectorate, Her Majesty's Government, before the operative date of such change, would, in consultation with the Association and the Bechuanaland Protectorate, use their best endeavours to ensure that sufficient funds would be available to the Bechuanaland Protectorate to provide for the completion of the Project.

4. I wish also to confirm that, so long as Her Majesty's Government is responsible for the Bechuanaland Protectorate, Her Majesty's Government will grant any necessary permission to the Bechuanaland Protectorate to enable it to purchase the currencies required to service the Credit made available to it by the Association, and moreover, if difficulties were to arise over the provision of the foreign exchange required for the service of this Credit, Her Majesty's Government would be willing to consider at the time with the Association and the Bechuanaland Protectorate, and if necessary with the South African authorities, what appropriate measure it could take to overcome them.

Yours faithfully,

Eric ROLL

DEVELOPMENT CREDIT AGREEMENT  
(ROAD PROJECT)

AGREEMENT, dated August 3, 1964, between BECHUANALAND PROTECTORATE (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,<sup>1</sup> subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit 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.

<sup>1</sup> See p. 222 of this volume.

*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 deletion of Section 3.01 and by substituting the following new section therefor:

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“(i) on account of expenditures for goods produced in (including services supplied from) the territory of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) By inserting a new Section 3.04 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.”

(c) By renumbering Section 3.04 as Section 3.05.

(d) By 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.”

(e) By deletion of paragraph 5 of Section 9.01 and the substitution therefor of the following :

“5. The term ‘Borrower’ means Bechuanaland Protectorate.”

(f) By deletion of the second sentence of paragraph 6 of Section 9.01.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a credit in an amount in various currencies equivalent to three million six hundred thousand dollars (\$3,600,000).

*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, the Development Credit Agreement.

*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 78% (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 the Development 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 July 1, 1963, except on account of expenditures of not more than the equivalent of one hundred and forty thousand dollars (\$140,000).

*Section 2.04.* 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 2.05.* Service charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each January 15 and July 15 commencing January 15, 1975 and ending July 15, 2014, each instalment to and including the instalment payable on July 15, 1984, 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 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 Schedule 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 territory 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.

In furtherance of the above purpose the Borrower shall make available or cause to be made available, promptly as needed, all funds and other resources which shall be required therefor.

(b) Except as the Association shall otherwise agree, 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 for the purpose of designing and supervising the construction of the Nata-Maun Section as described in 3 (c) of Part A of the Schedule to this Agreement and for such other purposes as the Borrower and the Association may deem necessary.

(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 reasonably request.

(f) The Borrower shall : (i) 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; (ii) enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and (iii) 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 the 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.* The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end :

(a) The Borrower and the Association shall from time to time, at the request of either party, exchange views through their representatives and furnish information with regard to the progress of the Project, the performance by the Borrower of its obligations under the Development Credit Agreement, the financial and economic conditions in the territory of the Borrower, the debts of the Borrower and its agencies and political subdivisions and, to the extent ascertainable, the international balance of payments position of the Borrower;

(b) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Development Credit Agreement; and

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territory 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 imposed under the laws of the Borrower or laws in effect in its territory and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territory.

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

*Section 4.05.* The Borrower shall cause all roads included in the Project to be operated, maintained and repaired and all equipment therefor to be acquired and maintained in accordance with sound engineering and administrative practices and shall make available, or cause to make available, promptly, as needed, all funds and other resources which shall be required therefor.

*Section 4.06.* The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit. Such insurance shall cover such marine, transit and other hazards incident to the purchase and importation of goods into the territory of the Borrower and delivery thereof to the Borrower, and shall be for such amounts, as shall be consistent with sound commercial practices. Any indemnity under such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in any other currency freely convertible into that currency.

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

For the Borrower :

The Secretariat  
P.O. Box 106  
Mafeking, South Africa

Alternative address for cablegrams and radiograms :

Kalahari  
Mafeking

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Indevas  
Washington, D.C.

*Section 6.03.* The Member for Finance of the Borrower (or when a Minister for Finance is appointed such Minister) 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.

Bechuanaland Protectorate :

By Seretse KHAMA  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President

## SCHEDULE

### DESCRIPTION OF PROJECT

The Project consists of :

*Part A :* The design, construction and reconstruction of the following roads :



<i>Name of Road</i>	<i>Approximate Length (miles)</i>
1. Gaborones-Border . . . . .	17
2. Palapye-Serowe . . . . .	33
3. Francistown-Maun	
(a) Francistown-Airport . . . . .	2
(b) Airport-Nata . . . . .	118
(c) Nata-Maun . . . . .	185
	305
	355

*Part B* : The betterment of the main north-south road from Ramathlabama to Ramaquabane, generally as set out under Priority A in the Schedule of Improvements to Drainage and Limited Betterment as submitted by the Borrower's Public Works Department to the Association on April 8, 1964.

*Part C* : The strengthening of the road maintenance organization program by :

1. the construction and improvement of four road foremen's depots at Kanye, Gweta, Palapye, and Mochudi and eight section officers' depots at Kanye, Palapye, between Mochudi and Gaborones, and on the Francistown-Maun road;
2. the acquisition of road maintenance equipment;
3. the establishment of a training scheme to instruct personnel of the Public Works Department in the maintenance operations, including on-the-job training in connection with the works referred to in Part B hereof.

*Part D* : The acquisition of pumps and the drilling of approximately 50 boreholes for the supply of water for construction and maintenance works.

It is expected that the Project will be completed about the middle of 1967.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

BECHUANALAND PROTECTORATE

August 3, 1964

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

*Currency of Repayment*  
*Credit No. 63 BEC (Road Project)*

Dear Sirs

We refer to the Development Credit Agreement (*Road Project*) of even date between Bechuanaland Protectorate and International Development Association and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (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 than one theretofore designated pursuant to this clause (ii) or selected pursuant to clause (iv) 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) 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.

Very truly yours,

Bechuanaland Protectorate :  
By Seretse KHAMA  
Authorized Representative

*Confirmed :*  
International Development  
Association :  
By S. R. COPE

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.*]