

No. 8912

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UGANDA**

Development Credit Agreement—*Road Project* (with annexed Development Credit Regulations No. 1, as amended). Signed at Washington, on 28 July 1967

Official text: English.

Registered by the International Development Association on 10 January 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
OUGANDA**

Contrat de crédit de développement — *Projet routier* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington, le 28 juillet 1967

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 10 janvier 1968.

No. 8912. DEVELOPMENT CREDIT AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE STATE OF UGANDA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 28 JULY 1967

AGREEMENT, dated July 28, 1967, between the STATE OF UGANDA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

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, 1961 as amended February 9, 1967² (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 Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million dollars (\$5,000,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Credit Account the equivalent of 70% or of such other percentage or percentages as may be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been paid, or, if the Association

¹ Came into force on 10 August 1967, upon notification by the Association to the Government of Uganda.

² See p. 190 of this volume.

shall so agree, as shall be required to meet payments to be made, for the reasonable cost of goods required for carrying out the Project.

(b) Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals shall be made on account of expenditures made prior to January 1, 1966 and no withdrawals shall be made on account of expenditures on the engineering of the section of the Kabale—Kigali road from Kabale to the Rwanda border until arrangements satisfactory to the Association in regard to such road have been concluded between the Borrower and Rwanda.

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. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for purposes of Section 3.02 of the Regulations.

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

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1977 and ending April 1, 2017, each installment to and including the installment payable on April 1, 1987 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 THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in the Schedule to this Agreement. The specific allocation of the proceeds of the Credit, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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) The Borrower shall at all times make available, promptly as needed, all funds and other resources which shall be required for the carrying out of the Project.

(c) Except as the Association shall otherwise agree, the roads referred to in parts 1, 2 and 3 of the Schedule to this Agreement shall be constructed by contractors satisfactory to the Association and the Borrower, employed under contracts satisfactory to the Association and the Borrower.

(d) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association.

(e) The general design standards to be used for the roads included in the Project shall be as determined from time to time by agreement between the Association and the Borrower.

(f) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contract documents and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

(g) The Borrower shall cause the main, secondary and feeder road system of the Borrower to be adequately maintained and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

(h) The Borrower shall take all reasonable action necessary (i) to cause the dimensions and weight limits of the vehicles using the public roads of the Borrower to be kept within limits consistent with the design standards of its roads and (ii) to ensure permanent and consistent enforcement of the traffic regulations of the Borrower.

(i) The Borrower shall establish and maintain facilities to collect and record such data as are required to assess the technical, economic and financial aspects of the Borrower's highway system.

(j) 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 and to record the progress of the Project (including the cost thereof) and 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 to be financed out of the proceeds of the Credit, and the operations with respect to the Project of the Ministries of the Borrower responsible for carrying out the Project.

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 and the international balance of payments position 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, 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 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.

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 be Borrower, then at any subsequent time during the continuance thereof, 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 Development Credit Agreement to the contrary notwithstanding.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be December 31, 1970, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. If this Development Credit Agreement shall not have come into force and effect by October 1, 1967, this Development Credit Agreement and all the obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such date.

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

For the Borrower :

Secretary to the Treasury
P. O. Box 103
Entebbe, Uganda

Alternative address for cablegrams and radiograms :

Finsec
Entebbe

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 6.04. The Minister of the Borrower for the time being responsible for finance 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.

State of Uganda :

By E. Otema ALLIMADI
Authorized Representative

International Development Association :

By Simon ALDEWERELD
Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The Project includes the following parts :

1. The reconstruction of approximately 70 miles of main road between Mbarara and Katunguru;
2. The reconstruction of the following 3 feeder roads totaling approximately 7 miles in length :
 - (a) Hamukunga access to Lake George,
 - (b) Kahendero access to Lake George, and
 - (c) Kisenyi access to Lake Edward;
3. The construction of the following 2 tea roads in the vicinity of Fort Portal totaling approximately 24 miles in length :
 - (a) Hima-Kinyantale-Mirongo road approximately 15 miles long, and
 - (b) Kagorogoro-Hakibale road approximately 9 miles long;
4. The detailed engineering, including the preparation of contract documents, and the supervision of construction for the roads in parts 1, 2 and 3 above; and
5. The detailed engineering, including the preparation of contract documents, for approximately 460 miles of main and feeder roads as listed below :

| <i>Designation (M for main and F for feeder roads)</i> | <i>Road Name</i> | <i>Approximate Length (miles)</i> | <i>Design Classifi- cation</i> |
|--|---|---|--|
| F.23 | Kigezi Tea Roads | 65 | II and III |
| F.24 | Ankole Tea Roads | 64 | III |
| F.25/26 | Toro Tea Roads (additional) | 40 | III |
| F.30 | Mityana-Kalangalo | 29 | II |
| M.7/36 | { Masaka-Kyotera | 28 | I |
| | { Kyotera-Mutukula | 25 | I |
| F.31 | { Kayunga-Bale | 28 | I |
| | { Galiraya Access | 8 | III |
| F.39 | Busana-Nazigo | 8 | III |
| F.44 | Kayunga-Busana-Nabuganyi-River Nile | 12 | I |
| M.28 | Bukoloto-Kangulumira-Jinja Road | 28 | I |
| M.5 | Sezibwa Swamp Crossing | 1 | I |
| M.6 | Gayaza-Kalagi | 11 | I |
| M.10 | Iganga-Namatumba-Mbale | 60 | I |
| M.41 | Kabale-Rwanda border | 16 | I |
| F.32 | Mbale-Nkokonjeru Ridge | 4 | III |
| F.7 | Maiyuge-Kwibale-Akokoro | 23 | III |
| F.9 | Aromo-Alito | 10 | III |

The construction of the roads referred to in parts 1, 2 and 3 above is scheduled to be completed by mid-1970 and the detailed engineering of the roads referred to in part 5 is scheduled to be completed by mid-1968.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER
GOVERNMENTS

[Not published herein. See p. 60 of this volume.]