

No. 8911

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UGANDA**

Development Credit Agreement—*Education Project* (with related letter and annexed Development Credit Regulations No. 1, as amended). Signed at Washington, on 21 April 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 relatif à l'enseignement* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington, le 21 avril 1967

Texte officiel anglais.

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

No. 8911. DEVELOPMENT CREDIT AGREEMENT¹ (*EDUCATION PROJECT*) BETWEEN THE STATE OF UGANDA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 21 APRIL 1967

AGREEMENT, dated April 21, 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 the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to ten million dollars (\$10,000,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as 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 :

¹ Came into force on 24 May 1967, upon notification by the Association to the Government of Uganda.

² See p. 174 of this volume.

(a) such amounts as shall be the equivalent of 70 per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Association) of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project; and

(b) If the Association shall so agree, such amounts as shall be required to meet payments under (a) above; provided, however, that no withdrawals shall be made on account of expenditures prior to January 1, 1967.

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 March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing September 1, 1977 and ending March 1, 2017, each installment to and including the installment payable on March 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 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 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 territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project or cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical standards and with due regard to economy.

(b) The Borrower shall cause the schools included in the Project to be operated so as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

(c) The Borrower shall cause the buildings and equipment of the schools included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(d) Except as the Association shall otherwise agree, in the carrying out of the Project the Borrower shall employ or cause to be employed qualified and experienced architects, engineers and other consultants acceptable to the Borrower and the Association, upon terms and conditions satisfactory to the Borrower and the Association.

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

(f) Except as the Association shall otherwise agree, the Borrower shall furnish or cause to be furnished to the Association for its approval promptly upon their preparation the plans, specifications, contracts and work schedules for the construction included in the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

Section 4.02. The Borrower shall at all times make or cause to be made available immediately as needed all funds and other resources, including land, required for the carrying out of the Project and for the operation and maintenance of the schools included in the Project.

Section 4.03. 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, the operation of the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.04. (a) The Borrower and the Association shall cooperate fully to ensure 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 4.05. (a) The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 4.06. 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 4.07. The Development Credit 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 the 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, 1971, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. The date of July 1, 1967, 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 :

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

Alternative address for cables 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 cables 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 J. Burke KNAPP

Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of the following :

- (a) the construction of (i) about 24 new general secondary schools, (ii) additional facilities at about 15 existing general secondary schools, (iii) student hostels and (iv) staff houses; and
- (b) the equipping of the schools and the facilities referred to in paragraph (a) above with appropriate furniture and equipment.

The Project will add approximately 13,900 places at the secondary level.

The specific schools included in the Project and the locations thereof shall be determined from time to time by agreement between the Borrower and the Association.

It is expected that the Project will be completed by December 31, 1970.

LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

May 1, 1967

Secretary to the Treasury
Entebbe, Uganda

Dear Sir :

Re : *Credit No. 101 UG (Education Project)*
Currency of Payment

We refer to Section 1.01 of the Development Credit Agreement (*Education Project*) dated April 21, 1967 between the State of Uganda and the International Development Association.

Pursuant to Section 3.02 (a) of the Development Credit Regulations No. 1 dated June 1, 1961 as amended February 9, 1967, we propose that the currency of the United Kingdom of Great Britain and Northern Ireland be specified for the purposes of said Section 3.02 of the Regulations.

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,

International Development Association :

By S. Noel McIvor

Deputy Director, Africa Department

Confirmed:

By L. KALULE-SETTALA

Authorized Representative

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.*]