

No. 10589

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
UGANDA**

**Development Credit Agreement—*Second Road Project*  
(with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on  
29 September 1969**

*Authentic text: English.*

*Registered by the International Development Association on 8 July 1970.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
OUGANDA**

**Contrat de crédit de développement — *Deuxième projet  
routier* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement).  
Signé à Washington le 29 septembre 1969**

*Texte authentique: anglais.*

*Enregistré par l'Association internationale de développement le 8 juillet 1970.*

## DEVELOPMENT CREDIT AGREEMENT <sup>1</sup>

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AGREEMENT, dated September 29, 1969 between REPUBLIC OF UGANDA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth.

### *Article II*

#### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to eleven million six hundred thousand dollars (\$11,600,000).

*Section 2.02.* (a) 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.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

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<sup>1</sup> Came into force on 1 December 1969, upon notification by the Association to the Government of Uganda.

<sup>2</sup> See p. 234 of this volume.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement :

- (i) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories II and III of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement; and
- (ii) the equivalent of seventy per cent (70 %) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for such goods or services included in Category I of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in Category I, the Association may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

*Section 2.04.* No withdrawals from the Credit Account shall be made under Categories II and III of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

*Section 2.05.* The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.06.* 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 2.07.* Service charges shall be payable semi-annually on March 15 and September 15 in each year.

*Section 2.08.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 15 and September 15 commencing March 15, 1980 and ending September 15, 2019, each installment to and including the installment payable on September 15, 1989 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 in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

*Section 3.02.* Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

*Section 3.03.* Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out 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 administrative, and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Except as the Association shall otherwise agree, the roads referred to in part A of Schedule 2 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.

(c) The Borrower shall, in the carrying out of the Project, employ consultants and experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association to :

- (i) supervise the construction of roads included in the Project;
- (ii) undertake the road investment and maintenance study included in part B of the Project;
- (iii) undertake detailed engineering of roads referred to in part C of the Project, including the survey and design of road alignments, soil works,

bridge design and preparation of specifications and contract documents;  
and

(iv) render technical services included in part D of the Project.

(d) The general design standards to be used for the roads included in the Project shall be as set forth in Schedule 4 to this Agreement, as such standards shall be modified from time to time by agreement between the Association and the Borrower.

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

*Section 4.02.* 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 4.03.* (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 4.04.* 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 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.

*Section 4.06.* (a) 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.

(b) The Borrower shall cause its Ministry of Works, Communications and Housing to take over the responsibility for maintenance of the tea roads, in the event the local district councils fail to maintain such tea roads in a satisfactory condition.

*Section 4.07.* 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.

*Section 4.08.* 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.

*Section 4.09.* The Borrower undertakes : (a) to consult the Association with respect to any major investment in road construction, including the upgrading of the Kampala-Entebbe road to a four-lane highway, until the road investment and maintenance study referred to in Section 4.01 (c) (ii) of this Agreement shall have been completed and agreed to by the Association;

(b) to submit to the Association, by February 28, 1970, an interim program for road re-gravelling and re-surfacing.

*Section 4.10.* The Borrower shall provide suitable ferries for use at Nabuganyi and at Mayuge prior to the completion of Kayunga-Nabuganyi road and Mayuge-Akokoro road respectively.

*Section 4.11.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the following reorganization of the Works Division of the Ministry of Works, Communications and Housing by December 31, 1969.

- (a) the Construction and Maintenance Branch will be split up into two new and separate branches;
- (b) the existing Planning and Design Branch will confine its functions to Design and Documentation and a new branch will be created for Advance Planning; and
- (c) a new branch for Administration and Costing will be created.

#### *Article V*

##### REMEDIES OF THE ASSOCIATION

*Section 5.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal together with such charges shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

#### *Article VI*

##### MISCELLANEOUS; TERMINATION

*Section 6.01.* The Closing Date shall be June 30, 1974, or such other date as shall be agreed between the Borrower and the Association.

*Section 6.02.* The Minister of the Borrower for the time being responsible for finance is designated for the purposes of Section 9.03 of the General Conditions.

*Section 6.03.* The date of December 1, 1969 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 6.04.* The obligations of the Borrower under Section 4.02 of this Agreement shall terminate on the date on which the Development Credit Agreement shall terminate or on a date fifteen years after the date of this Development Credit Agreement, whichever shall be the earlier.

*Section 6.05.* The following addresses are specified for the purposes of Section 9.01 the of General Conditions :

For the Borrower :

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

Alternative address for cables :  
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 :  
Indevas  
Washington, D.C.

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Uganda :

By LAURENCE KALULE-SETTALA  
Authorized Representative

International Development Association

By J. BURKE KNAPP  
Vice President

## SCHEDULE 1

### ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Road construction and reconstruction under Part A of the Project . . . . .	7,770,000
II. Consultants' services under Parts A, B and C of the Project . . . . .	1,330,000
III. Technical services under Part D of the Project . . . . .	350,000
IV. Unallocated . . . . .	2,150,000
TOTAL	<u>11,600,000</u>



## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to III shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category IV.

2. If the estimate of the cost of the items included in any of the Categories I to III shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit (or, in the case of Category I, an amount equal to 70 % of such increase) will be allocated by the Association, at the request of the Borrower, to such Category from Category IV, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of the following parts :

A. The construction and reconstruction of about 665 km of primary, secondary, feeder and tea roads, as listed below :

	<i>Approximate Length Km</i>	<i>Type of Surface</i>	<i>MOW Design Standard</i>
i) <i>Primary Roads</i>			
Masaka-Kyotera . . . . .	47	Surface treatment	Class I
Kabale-Rwanda Border . . . . .	23	Gravel	Class I
Iganga-Mbale . . . . .	97	Gravel	Class I
ii) <i>Secondary Roads</i>			
Kayunga-Bale . . . . .	45	Gravel	Class I
Kayunga-Nabuganyi . . . . .	19	Gravel	Class I
Sezibwa Swamp Crossing . . . . .	2	Gravel	Class I
Jinja-Bukoloto . . . . .	45	Surface treatment	Class I
iii) <i>Feeder Roads</i>			
Mbale-Nkokonjeru . . . . .	20	Gravel*	Class III**
Mayuge-Akokoro . . . . .	37	Gravel	Class III**
iv) <i>Tea Roads</i>			
Toro Tea Roads . . . . .	70	All weather surface	Class III**
Ankole Tea Roads . . . . .	120		
Kigezi Tea Roads . . . . .	140		
TOTAL . . .	665		

\* Except for surface treatment on the escarpment section.

\*\* Reduced where necessary in difficult terrain.

B. A road investment and maintenance study to :

- (a) assess road development priorities of the Borrower for the period 1971/72-1975/76;
- (b) recommend general design standards;
- (c) evaluate maintenance requirements with particular emphasis on re-gravelling and re-surfacing; and
- (d) recommend procedures for the reorganization of the Ministry of Works, Communications and Housing to enable it to cope with increased requirements of an expanding road system.

C. The feasibility studies and detailed engineering for about 400 km of roads after the priority of these roads is assessed by the study referred to in Part B of the Project.

D. Technical services to be provided by 11 experts for a period of three years to reorganize the Works Division of the Ministry of Works, Communications and Housing and to train the staff of the Division in its day-to-day operations.

The Project is expected to be completed by June 30, 1973.

### SCHEDULE 3

#### PROCUREMENT

1. For the purpose of bidding on the Project, roads will be divided into bidding groups as follows :

	<i>Contract</i>
Group 1	Kigezi Tea Roads
Group 2	Ankole Tea Roads
Group 3	Toro Tea Roads
Group 4	Masaka-Kyotera
Group 5	Kayunga-Bale Kayunga-Nabuganyi Sezibwa Swamp Crossing
Group 6	Jinja-Bukoloto
Group 7	Iganga-Mbale Mbale-Nkokonjeru
Group 8	Kabale-Gatuna
Group 9	Mayuge-Akokoro

2. The representatives in the Republic of Uganda of all appropriate member countries of the International Bank for Reconstruction and Development and Switzerland will receive information on the Project and will be given notice that construction firms in their countries may submit information to the Borrower for prequalification. Such notice shall be made not less than 45 days before the date set forth for such prequalification. In addition, the same information will be simul-

taneously advertised in appropriate local publications in the Republic of Uganda as well as in selected foreign technical magazines of wide circulation.

3. The firms invited to bid will be allowed at least 60 days for the submission of their proposals. The bidding documents will be accompanied by a bid bond or bank guarantee amounting to not less than 2 % of the estimated contract value. The successful bidder will have the option to furnish a bank guarantee in the amount of not less than 10 % of the contract price or a performance bond in an amount not less than 100 % of the contract price, which guarantee or bond shall remain in effect until one year after completion of construction provided for in the contract. In addition, the contract will provide for retention of not less than 10 % of the cost of the works on monthly invoice. This retention shall cease when its cumulative amount reaches  $7\frac{1}{2}$  % of the total contract price. There can be substituted therefor a bank guarantee for a like amount. The contractor shall remain liable for defective work under its contract for a period of one year after reception of the completed works.

4. The following documents will be submitted by the Borrower to the Association for approval :

- (a) before distribution, the advertisement for prequalification with the list of addresses;
- (b) before calling for bids, the list of the prequalified firms, together with the consultants' comments and recommendations thereon and the reasons for rejecting any firm which has shown interest but did not prequalify;
- (c) before calling for bids, a copy of the tender documents excluding drawings;
- (d) before any award is made, an official record of the opening of bids, an analysis of the contractors' proposals and the recommendations of the consulting engineer who will be responsible for supervision of construction; and
- (e) before awarding a contract, a request to the Association for approval to award the contract and stating the reasons for selecting any particular contractor.

5. Within 28 days after obtaining such approval, the contract will be awarded and made effective. As soon as the contract has been signed, the Association will be sent for its information a copy thereof with the detailed specifications and the proposed schedule of works.

6. The importation by either Ugandan or foreign firms of the construction equipment and machinery, materials, supplies and spare parts necessary for the execution of the Project shall be permitted free of customs duties or any other levies, provided that such equipment and machinery will promptly be re-exported after completion of the works. Such importation and re-exportation will be facilitated. If any firm which is not established in Uganda is awarded a contract in connection with the Project, its registration will be facilitated. Employment passes and entry permits will be issued by the Government of Uganda for key personnel of any firm awarded such a contract unless such personnel are declared to be prohibited immigrants.

SCHEDULE 4  
DESIGN STANDARDS

	Class I			Class III		
	<i>Flat and Rolling</i>	<i>Hilly</i>	<i>Moun- tainous</i>	<i>Flat and Rolling</i>	<i>Hilly</i>	<i>Moun- tainous</i>
<i>Design speed, mph</i>	50	40	30	30	20	**
<i>Carriageway width, ft. (minimum)</i>	20*	20*	20*	10	10	10
<i>Roadway width, ft. (minimum)</i>	32	32	32	20	20	16
<i>Shoulder width, ft. (minimum)</i>	6*	6*	6*	5	5	4
<i>Width of right-of-way, ft.</i>		100				
<i>Ruling gradient, per cent</i>	5	6	7	7	8	9
<i>Maximum gradient, per cent</i>		8 % for 1,000 ft	8 % for 1,000 ft.		10 % for 1,000 ft.	12 % for 1,000 ft.
<i>Minimum stopping sight distance, ft.</i>	425	300	200	200	**	**
<i>Minimum overtaking sight distance, ft.</i>	1,200	1,000	500	500	**	**
<i>Minimum radius curves, ft.</i>	1,600	900	450	600	**	**
<i>Width of structure (curb to curb) ft.</i>		24			12	
<i>Design wheel load, lbs.</i>		9,000			4,000	
<i>Bridge loading</i>		H-16			H-16	

\* Figures for paved roads, gravel roads, the carriageway width is increased to 22 ft. and shoulder widths reduced to 5 ft. The roadway width remains the same for both types of surface.

\*\* To be decided by individual cases.

INTERNATIONAL DEVELOPMENT ASSOCIATION  
GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS  
[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]