

No. 10868

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
RWANDA**

Development Credit Agreement—*Highway Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 17 June 1970

Authentic text: English.

Registered by the International Development Association on 2 December 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RWANDA**

Contrat de crédit de développement — *Projet relatif au réseau routier* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 17 juin 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 2 décembre 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 17, 1970, between the REPUBLIC OF RWANDA (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, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association 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 nine million three hundred thousand dollars (\$9,300,000).

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(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in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

¹ Came into force on 14 September 1970, upon notification by the Association to the Government of Rwanda.

² See p. 200 of this volume.

pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

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) the equivalent of eighty-five per cent (85%) 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 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;
- (ii) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for the CIF (Kigali) price of goods produced outside the territories of the Borrower and included in Category II of said allocation of the proceeds of the Credit; and
- (iii) 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 Category III of said allocation of the proceeds of the Credit;

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 payments remaining to be made for goods or services included in such Category.

Section 2.04. No withdrawals from the Credit Account shall be made:

- (i) under Category 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; or
- (ii) on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with, the importation or supply of goods or services included in Categories II and III of said allocation of the proceeds of the Credit.

Section 2.05. The currency of the United States of America 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 January 1 and July 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 1 and July 1 commencing July 1, 1980 and ending January 1, 2020, each installment to and including the installment payable on January 1, 1990 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 apply the proceeds of the Credit in accordance with the provisions of this Development Credit 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 (other than consultant's 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 August 1969, 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 to be financed out of the proceeds of the Credit (including consultant's services) shall be subject to the 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 carry out the Project with due diligence and efficiency and in conformity with sound administrative, engineering, financial and highway maintenance practices, and shall provide,

promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall, in the carrying out of the Project, employ or cause to be employed competent and experienced consultants acceptable to the Association, to an extent and upon such terms and conditions as shall have been agreed between the Borrower and the Association.

(c) The Borrower shall employ contractors acceptable to the Association, to an extent and upon terms and conditions as shall have been agreed between the Borrower and the Association, to carry out Part A of the Project.

(d) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the reports, 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.

(e) Unless the Borrower and the Association shall otherwise agree, the general design standards to be used for the roads included in the Project shall be as forth in Schedule 4 to this Agreement.

Section 4.02. The Borrower shall cause a study for improvement of the road maintenance to be carried out by consultants and, upon its completion, shall exchange views with the Association with respect to the evaluation and implementation of the recommendations and other conclusions therein contained, and shall implement an effective road maintenance program, to be agreed upon between the Borrower and the Association.

Section 4.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services 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 administration, operations, expenditures and availability of funds in respect of the Project of any department or agency 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 financed out of the proceeds of the Credit 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 and administration with respect to the Project of the agency or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.04. The Borrower shall promptly acquire such rights-of-way as shall be necessary for the construction of the road included in the Project, and shall promptly furnish to the Association such evidence as the Association shall reasonably request regarding the acquisition of such rights-of-way.

Section 4.05. The Borrower shall allocate the equipment to be purchased out of the proceeds of the Credit to a mechanized maintenance unit under the supervision of qualified experts acceptable to the Borrower and the Association, and shall have said unit adequately staffed, supplied and serviced.

Section 4.06. The Borrower shall take out and maintain with responsible insurers, or make other arrangements acceptable to the Association for, insurance of the goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use, and for such insurance any indemnity shall be payable in currency freely usable by the Borrower to replace or repair such goods.

Section 4.07. The Borrower shall take all measures reasonably required to ensure that the dimensions and axle-loads of vehicles using its national highway network shall not exceed limits consistent with the design standards of such roads.

Section 4.08. The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such data as are required to assess the technical, economic and financial aspects of the Borrower's road network for proper planning of maintenance, improvements and extensions of said road network.

Section 4.09. The Borrower shall adequately maintain or cause to be adequately maintained its national highway network, in accordance with sound engineering and financial practices.

Section 4.10. (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 territory 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, the maintenance of the service thereof, the Project, and the operations, administration, expenditures and availability of

funds in respect of the Project, of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof.

(c) 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.

(d) 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 4.11. 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 territory.

Section 4.12. 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 territory on or in connection with the execution, delivery or registration thereof.

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

EFFECTIVE DATE; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the consultants referred to in Section 4.01 (b) of this Development Credit Agreement shall have been employed.

Section 6.02. The date of September 15, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.03. (a) The obligations of the Borrower under Section 4.05 of this Development Credit Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date 8 years after the date of this Development Credit Agreement, whichever shall be the earlier.

(b) The obligations of the Borrower under Sections 4.01 through 4.04, and 4.06 through 4.09 of this Development Credit Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date 20 years after the date of this Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be September 30, 1974, or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The Minister of Public Works of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministre des Travaux Publics
Kigali, Rwanda

Alternative address for cables:

Minitrabelics
Kigali

For the Association:

International Development Association
1818 H Street, N.W.
Washington, DC. 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 Rwanda:

By FIDÈLE NKUNDABAGENZI
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE I

ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Construction and one year's maintenance of the Kigali-Gatuna Road	6,620,000
II. Road maintenance equipment	130,000
III. Consulting services for preparation of bidding documents and supervision of the construction of the Kigali-Gatuna Road	590,000
IV. Unallocated	<u>1,960,000</u>
TOTAL	9,300,000

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 85% 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 THE PROJECT

The Project consists of the following:

- Part A.* the construction of a bituminous paved road between Kigali and the Uganda border at Gatuna including one year's maintenance of the road after completion;
- Part B.* the purchase of road maintenance equipment;
- Part C.* the preparation of bidding documents for Parts A and B and supervision of construction.

The Project is expected to be completed by March 31, 1974.

SCHEDULE 3

PROCUREMENT

The following procurement procedures will be applied for the selection of firms and for the award of contracts for goods and services (other than consultant's services) included in the allocation of proceeds of the Credit referred to in Section 2.02 of this Agreement:

1. Before inviting bids, information concerning the advertising coverage, prequalification procedures, as well as invitations to bid, specifications, proposed terms and conditions of contracts, and all other tender documents, shall be submitted to the Association for approval. Before awarding any contract, the Borrower shall send to the Association for approval the consultant's evaluation of bids received and the Borrower's proposal concerning such contract and award. Upon execution of each contract, the Borrower shall promptly send two conformed copies thereof to the Association.

2. With respect to goods and services included in Category I as set out in Schedule 1 to this Agreement:

- (a) The list of contractors to be invited to bid will be determined through prequalification after broad call to international competition.
- (b) The invitation for prequalification shall be published in newspapers in Rwanda and in technical and professional magazines of large circulation, and shall be sent to the diplomatic or consular representatives of Bank member countries and Switzerland in Rwanda, and, whenever possible, shall be published in newspapers in neighboring countries.
- (c) The time interval between the invitation to submit application for prequalification and the closing date for receiving such application will not be less than forty-five (45) days.
- (d) Before inviting bids, the Borrower shall submit to the Association for approval the list of firms from whom prequalification applications were received, the

consultant's evaluation thereof with the Borrower's proposal concerning the list of firms prequalified for the bidding.

- (e) The time interval between the invitation to bid and the opening of the bids shall not be less than sixty (60) days. During this period an opportunity shall be afforded to the contractors to visit the site and to meet and discuss with the Borrower any question related to the proposed works or contracts.
- (f) Bidding documents shall state that bidders will be authorized to import duty free the equipment necessary for the project, under temporary admission.
- (g) The successful contractor shall furnish a performance bond in an amount equal to the contract price or a bank guarantee equal to not less than 10% of such price. In addition, the contract will provide (i) for the retention of 10% of the amounts paid under each monthly invoice until an aggregate amount equal to 5% of the contract price will have been retained, or (ii) for a bank guarantee equal to 5% of the contract price. Any amount thus retained or guaranteed will remain in effect as a guarantee against defective work until final reception of the work after the maintenance period.

3. With respect to goods in Category II as set out in Schedule I to this Agreement, the following procedures will be followed:

- (a) Bidding documents shall be prepared with the assistance of the Consultants employed by the Borrower pursuant to Section 4.01 (b) of this Agreement and shall be submitted to the Association for approval.
- (b) Bid invitations shall be advertised in Rwanda and, whenever possible, in neighboring countries.

4. Whenever a contract under the Project is awarded to a firm not registered in the territories of the Borrower, the Borrower will facilitate the accomplishment by such firm of all formalities which may be required to enable it to carry out such contract.

SCHEDULE 4

DESIGN STANDARDS

	<i>In Rolling Terrain</i>	<i>In Mountainous Terrain</i>
Design Speed	60 km/h	45 km/h
Maximum Grade		
Normal	6%	7%
Exceptional	7.5%	8%
Minimum Curve Radius		
Normal	150 m	75 m
Exceptional	75 m	70 m
Width of Pavement	6 m	6 m
Width of Shoulder	1 m	0.50 m

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.]