

No. 11624

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UGANDA**

**Development Credit Agreement—*Second Education Project*
(with schedules and General Conditions Applicable to
Development Credit Agreements). Signed at Washing-
ton on 23 June 1971**

Authentic text: English.

Registered by the International Development Association on 6 March 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
OUGANDA**

**Contrat de crédit de développement — *Deuxième projet re-
latif à l'enseignement* (avec annexes et Conditions
générales applicables aux contrats de crédit de
développement). Signé à Washington le 23 juin 1971**

Texte authentique : anglais.

*Enregistré par l'Association internationale de développement le 6 mars
1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 23, 1971, 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 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, subject, however, to the deletion of Sections 5.01 and 6.02 (*h*) thereof and to the renumbering of Section 6.02 (*i*) into 6.02 (*h*) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this 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. (a) The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seven million three hundred thousand dollars (\$7,300,000).

(b) If, as contemplated in Section 3.07 of this Agreement, the Borrower obtains assistance covering any of the items provided for in Part D or E of the Project, the Association shall cancel \$26,000 of the Credit for each man-year of the services of educational specialists so obtained and \$3,500 of the Credit for each man-year of the grant of a fellowship so obtained.

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this

¹ Came into force on 26 October 1971, upon notification by the Association to the Government of Uganda.

² See p. 208 of this volume.

Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1977 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. 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 2.06. Service charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 15 and September 15 commencing September 15, 1981 and ending March 15, 2021, each installment to and including the installment payable on March 15, 1991 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.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound educational, adminis-

trative and construction practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. (a) In order to assist the Borrower in planning and supervising the construction to be carried out under Parts A and B of the Project, the Borrower shall employ architectural consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) In order to assist the Borrower by providing advice in carrying out the Project and in training personnel of the Borrower, the Borrower shall employ, under terms and conditions and following a timetable satisfactory to the Association, educational specialists acceptable to the Association as specified under Part D of the Project.

Section 3.03. In carrying out Parts A and B of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.04. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the 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.

(b) 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 for the Project.

Section 3.05. (a) The Borrower shall furnish to the Association for its approval, promptly upon their preparation, the plans, specifications, contract documents, construction and procurement schedules and lists of furniture and equipment, for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) 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 (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Section 3.06. The Borrower shall select sites acceptable to the Association for the institutions to be constructed under Part A of the Project, shall take all such action as shall be necessary to acquire not later than the start of construction on such sites all such land and rights in respect of land as shall be required for the construction and operation of these institutions, and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

Section 3.07. The Borrower shall endeavor to obtain the services of the education specialists provided for in Part D of the Project and the grants of fellowships provided for in Part E, through assistance from sources other than the Association.

Section 3.08. (a) The Borrower shall cause the institutions to be established, extended or supplied under Part A, B or C of the Project to be operated so as to promote the educational objectives of the Borrower and to be provided with qualified instructors and administrators in adequate numbers.

(b) The Borrower shall cause the buildings to be constructed and the equipment to be supplied under Part A, B or C of the Project to be adequately maintained and shall establish appropriate administrative procedures for that purpose.

Section 3.09. (a) The Borrower shall establish a Project Management Committee to formulate and review procedures for carrying out the Project and for coordinating the work of the Ministries for this purpose. The Committee shall consist of the permanent secretaries (or their representatives) of the Ministries of the Borrower responsible for finance (Chairman), education, agriculture, labor, health and planning.

(b) The Borrower shall establish a Project Unit to carry out the Project. The Unit shall consist of a Project Director and an architect, both acceptable to the Association, as well as of an accountant and a procurement specialist, all assigned to full-time work with the Unit and provided with adequate facilities and supporting staff.

Section 3.10. The Borrower shall, within one year of the date of this Agreement unless the Association shall otherwise agree:

(a) assign, on the basis of timetables agreed with the Association and after any requisite training, officials of the competent Ministries or of its educational institutions to serve as counterparts to each of the educational specialists whose services are to be provided under Part D of the Project;

- (b) modify, in a manner satisfactory to the Association, the requirements for entry into the National Teachers College to be extended under Part B (a) of the Project;
- (c) modify, in a manner satisfactory to the Association, the curricula of the several technical secondary schools to be extended under Part B (d) of the Project; and
- (d) allocate funds for extending and upgrading for training purposes, on the basis of plans acceptable to the Association, of the facilities of the Mbale Hospital in connection with which the School for Nurses and Midwives to be established under Part A (e) of the Project is to be operated.

Section 3.11. The Borrower shall, before the scheduled completion of the Vocational Training Center to be established under Part A (a) of the Project, prepare and submit to the Association for its approval suitable curricula for the Center and make appropriate provision for the part-time release, for training purposes, of workers from their regular employment.

Section 3.12. The Borrower shall make arrangements for the release each year of about 30 medically-trained personnel from their regular duties and assign them to participate in training courses at the Medical Tutor Training College to be established under Part A (d) of the Project, and shall provide that the training of all government teaching staff for para-medical personnel be carried out at that College.

Section 3.13. The fellowships constituting Part E of the Project shall be granted to qualified recipients acceptable to the Association.

Article IV

OTHER COVENANT

Section 4.01. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration and operations, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other 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 either of them of its obligations under the Development Credit Agreement.

Section 5.03. 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.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. 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 territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. 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 and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) The establishment of the Project Unit provided for in Section 3.09 (b) of this Agreement.
- (b) The appointment of the Project Director and the Project Architect provided for in Section 3.09 (b) of this Agreement.

Section 8.02. The date September 30, 1971, is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.03. The obligations of the Borrower under Sections 3.04 (b), 3.08 and 3.12 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date 20 years after the date of this Agreement whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

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

Cable address:

Finsec
Entebbe

For the Association:

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

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 JOHN B. MOLI
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Imported furniture, equipment and construction materials	1,930,000	100% of foreign expenditures
II. Educational specialists and fellowships	2,170,000	75% of total expenditures
III. Construction, including site development and consultants' services, and locally procured goods and services	1,850,000	52% of total expenditures
IV. Unallocated	<u>1,350,000</u>	
	TOTAL	<u>7,300,000</u>

2. For the purposes of this Schedule:

- (a) the term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower;
- (b) the term "total expenditures" means the aggregate of foreign expenditures and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures prior to the date of this Agreement; and
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit; and
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase,

and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category II or III shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following parts :

A. The construction, furnishing and equipping of the following new institutions:

<i>Type</i>	<i>Location</i>	<i>Area (sq. ft. approx.)</i>	<i>Enrollment Capacity</i>
(a) Vocational Training Center	Jinja (Jinja)	90,900	680
(b) District Farm Institutes and Rural Training Centers	Mpigi (West Mengo) Pakelle (Madi)	29,700 29,700	128 128
(c) District Farm Institute	Bukwa (Sebei)	19,200	64
(d) Medical Tutor Training College	Mulago (Kampala)	9,000	30
(e) School for Nurses and Midwives	Mbale (Bugisu)	16,300	135

B. The construction of extensions to, and the furnishing and equipping of, the following existing institutions:

<i>Type</i>	<i>Location</i>	<i>Additional Area (sq. ft. approx.)</i>	<i>Additional Enrollment Capacity</i>
(a) National Teachers College	Kyambogo (Kampala)	17,900	100

<i>Type</i>	<i>Location</i>	<i>Additional Area (sq. ft. approx.)</i>	<i>Additional Enrollment Capacity</i>
(b) Demonstration School of National Teachers College	Kyambogo (Kampala)	7,900	
(c) Upper Secondary Schools	Aga Khan (Masaka)	26,400	120
	Iganga (Busoga)	17,800	120
	Kitgum (Acholi)	15,900	120
	Ibanda (Ankole)	18,100	120
(d) Technical Secondary Schools	Kisubi (West Mengo)	12,700	240
	Masaka (Masaka)	12,900	120
	Mbale (Bugisu)	5,700	40
	Lira (Lango)	11,000	110
	Kichwamba (Toro)	6,700	170
(e) Agricultural Colleges	Arapai (Teso)	19,600	140
	Bukalasa (East Mengo)	21,900	120

C. The supply of equipment to the following existing institutions:

<i>Type</i>	<i>Equipment</i>
(a) Uganda Technical College at Kyambogo	furniture, teaching equipment and library books
(b) 15 District Farm Institutes	vehicles

D. The provision of the services of educational specialists in the following fields:

	<i>Man-Years (approximate)</i>
(a) Educational Planning	8
(b) Teacher Training	33
(c) Vocational Training	27
(d) Health Education	12.5

E. The granting of fellowships for overseas studies in the following fields:

	<i>Man-Years (approximate)</i>
(a) Teacher Training	7
(b) Vocational Training	9
(c) Health Education	2

Parts A, B and C of the Project are expected to be completed by June 30, 1975; Parts D and E are expected to be completed by June 30, 1977.

SCHEDULE 3

PROCUREMENT

1. *Grouping and Scheduling of Contracts*

(a) Contracts for construction to be financed under Category III of the table set out in paragraph 1 of Schedule 1 to this Agreement (hereinafter called construction contracts) shall, to the extent practicable, be grouped in packages sufficiently large to facilitate international competitive bidding. Prior to inviting bids, the Borrower shall obtain the Association's approval for a complete list of such contracts, including the estimated value of each and a timetable for their award.

(b) The award of contracts for procurement to be financed under Category I or III of the table set out in paragraph 1 of Schedule 1 to this Agreement (hereinafter called procurement contracts) shall be arranged and phased in accordance with sound procurement practices and to permit bulk purchases whenever possible. Prior to inviting bids, the Borrower shall obtain the Association's approval for lists of all items of furniture and equipment required for the Project, including the specifications and estimated unit and total c.i.f. (Kampala) prices of each item, and for a schedule showing the approximate time of procurement of major groups of items.

2. *Large Contracts*

With respect to any construction contract estimated to cost the equivalent of \$100,000 or more and to any procurement contracts estimated to cost the equivalent of \$25,000 or more:

(a) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report by the Project Unit provided for in Section 3.09 (b) of this Agreement, on the evaluation and comparison of the bids received, together with the recommendations for award of the said Project Unit, and the reasons for the intended award. The Association shall promptly inform the Borrower whether it has any objection to the intended award on the ground that it would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the

Development Credit Agreement, and shall state the reasons for any objections it may have.

(c) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Credit.

(d) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

3. *Other Contracts*

With respect to any other construction or procurement contract, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract, together with the analysis of bids, recommendations for award and such other information as the Association shall reasonably request. The Association shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the Development Credit Agreement and, in such event, no expenditure under such contract shall be financed out of the proceeds of the Credit.

4. *Evaluation of Bids*

For the purpose of evaluating bids for procurement contracts and associated services, bid prices shall be determined and compared in accordance with the following rules:

(a) The term "Local Bid" means a bid submitted by a manufacturer established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in such territories; any other bid shall be deemed to be a "Foreign Bid".

(b) The bid price under a Local Bid shall be the sum of the following amounts:

- (i) the ex-factory price of such goods; and
- (ii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

(c) For the purpose of comparing any Foreign Bid with any Local Bid, the bid price under a Foreign Bid shall be the sum of the following amounts:

- (i) the c.i.f. (Kampala) price of such goods;
- (ii) the amount of any taxes on the importation of such goods into the territories of the Borrower which generally apply to non-exempt importers,

- or 15% of the amount specified in (i) above, whichever shall be the lower;
and
- (iii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

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.*]
