

No. 11630

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UNITED REPUBLIC OF TANZANIA**

**Development Credit Agreement—*Third Highway Project*
(with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 6 August 1971**

Authentic text : English.

Registered by the International Development Association on 6 March 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RÉPUBLIQUE-UNIE DE TANZANIE**

Contrat de crédit de développement — *Troisième projet routier* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 6 août 1971

Texte authentique : anglais.

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

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated August 6, 1971, between UNITED REPUBLIC OF TANZANIA (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 Section 5.01 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 and the following additional terms have the following meanings :

(a) " 1964 Development Credit Agreement " means the development credit agreement (*Highway Project*) dated February 5, 1964³ between the Borrower and the Association as the same may be amended from time to time.

(b) " 1968 Development Credit Agreement " means the development credit agreement (*Highway Project—Supplementary*) dated March 21, 1968⁴ between the Borrower and the Association as the same may be amended from time to time.

(c) " 1969 Development Credit Agreement " means the development credit agreement (*Second Highway Project*) dated February 24, 1969⁵ between the Borrower and the Association as the same may be amended from time to time.

(d) " 1969 Loan Agreement " means the loan agreement (*Second Highway*

¹ Came into force on 12 October 1971, upon notification by the Association to the Government of the United Republic of Tanzania.

² See p. 62 of this volume.

³ United Nations, *Treaty Series*, vol. 506, p. 91.

⁴ *Ibid.*, vol. 651, p. 119.

⁵ *Ibid.*, vol. 876, No. I-12577.

Project) dated February 24, 1969¹ between the Borrower and the International Bank for Reconstruction and Development as the same may be amended from time to time.

(e) “ Previous Agreements ” means the agreements referred to in the preceding subparagraphs of this Section.

(f) “ Previous Development Credit Agreements ” means the agreements referred to in subparagraphs (a), (b) and (c) of this Section.

(g) “ Roads and Aerodromes Division ” means the Roads and Aerodromes Division of the Borrower’s Ministry of Communications, Transport and Labour, or any successor thereto.

(h) “ Staffing and Training Program ” means the staffing and training program established by the Borrower in the Roads and Aerodromes Division under the 1968 Development Credit Agreement.

Article II

THE CREDIT

Section 2.01. 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 six million five hundred thousand dollars (\$6,500,000).

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 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 Borrower and 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, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

¹ United Nations, *Treaty Series*, vol. 876, No. I-12576.

Section 2.04. The Closing Date shall be December 31, 1974 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 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing March 1, 1982 and ending September 1, 2021, each installment to and including the installment payable on September 1, 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 Kingdom of Great Britain and Northern Ireland 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 engineering, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall :

- (a) in order to carry out Part B of the Project, establish and maintain two road betterment units within the Roads and Aerodromes Division and employ consultants acceptable to the Association upon terms and conditions satisfactory to the Association all in accordance with Schedule 4 to this Agreement, as modified from time to time by agreement between the Borrower and the Association;
- (b) In order to assist the Borrower in carrying out Part A and Part C of the Project, employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association; and
- (c) in order to assist the Borrower in carrying out Part D of the Project,

employ experts acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.03. (a) In carrying out Part A of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) The general design standards to be used in the construction of the roads included in Part A of the Project shall be as set forth in Schedule 5 to this Agreement, as modified from time to time by agreement between the Borrower and the Association.

Section 3.04. Except as the Association shall otherwise agree, the Borrower shall (a) furnish, not later than October 31, 1971, to the Association for its approval a comprehensive review of the priorities for its road development program, and (b) select, with the consent of the Association, the specific roads to be included in Part C (ii) of the Project on the basis of said review.

Section 3.05. (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, all goods and services financed out of the proceeds of the Credit shall be used exclusively for the Project until its completion.

Section 3.06. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction schedules 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 3.07. The Borrower shall take all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for the construction and operation of the facilities included in the Project.

Article IV

OTHER COVENANTS

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.

Section 4.02. (a) The Borrower shall maintain and repair its highway system in accordance with sound engineering and financial practices, and shall provide promptly as needed the funds, equipment, workshop facilities, labor and other resources required for this purpose.

(b) The Borrower shall take such steps as shall be reasonably required to ensure the following :

- (i)* that the dimensions and axle-loads of vehicles using the Borrower's highway system are consistent with the structural and geometric design standards of the roads used;
- (ii)* that the limits imposed by the laws of the Borrower on such dimensions and axle-loads in accordance with the standards referred to in the foregoing subparagraph *(i)* are duly observed; and
- (iii)* that the weigh stations established for the purposes of regulating the said dimensions and axle-loads are adequately staffed, and operated and maintained in accordance with sound engineering and administrative practices.

(c) The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such technical, economic and financial information and road traffic data as shall be reasonably required for proper planning of maintenance, improvements and extensions of its highway system.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure 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.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely, the Borrower shall have failed to perform any of its obligations under the Previous Agreements other than in respect of the payment of the principal or interest or any other payment.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following event is specified, namely, the event specified in Section 7.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

Article VIII

TERMINATION; MODIFICATION OF PREVIOUS DEVELOPMENT CREDIT AGREEMENTS

Section 8.01. The date November 1, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.02. The obligations of the Borrower under Section 4.02 of this Agreement shall cease and terminate 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.

Section 8.03. Section 5.01 of each of the Previous Development Credit Agreements is amended by adding the following after the words " shall have been given by the Association to the Borrower " :

“, or (iii) if a default shall occur under the development credit agreement between the Borrower and the Association dated August 6, 1971, as the same may be amended from time to time, other than in respect of the payment of the principal or charges thereunder, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.”,

provided, however, that in the 1969 Development Credit Agreement the term “ (iii) ” under this amendment shall be substituted by the term “ (iv) ”.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister responsible for finance of the Borrower 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 :

The Principal Secretary
The Treasury
P.O. Box 9111
Dar es Salaam
United Republic of Tanzania
Cable address :
Treasury
Dar es Salaam

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.

United Republic of Tanzania :

By G. M. RUTABANZIBWA
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. Civil works for improvement of Mtwara-Masasi Road	3,600,000	70% of total expenditures
II. Equipment and spare parts under Part B of the Project	750,000	100% of total expenditures
III. Culvert pipes and fuel under Part B of the Project	300,000	70% of total expenditures
IV. Consultants' services :		70% of total expenditures
(a) under Part C (ii) of the Project . . .	500,000	
(b) other than listed under subcategory (a) hereof	800,000	
V. Experts under Part D of the Project : (a) international travel; and (b) salaries, to the extent they exceed the Borrower's civil service salary scale	50,000	100% of total expenditures
VI. Unallocated	500,000	
	TOTAL	
	<u>6,500,000</u>	

2. For the purposes of this Schedule :

- (a) the term " foreign expenditures " means expenditures for goods procured in, or services supplied from, the territories, and in the currency, of any country other than the Borrower; and
- (b) the term " total expenditures " means the aggregate of foreign expenditures and of expenditures for goods procured 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, except that withdrawals may be made in respect to Category IV on account of expenditures for Part C (i) of the Project incurred after August 1, 1970 in an aggregate amount not exceeding the equivalent of \$163,000;
- (b) expenditures under subcategory IV (a) until the review specified in Section 3.04 of this Agreement shall have been approved by the Association; and

(c) 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 payment 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 I, III or IV 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 :

PART A. Improvement to bituminous paved standard of approximately 200 km of the existing two-lane road between Mtwara and Masasi;

PART B. Betterment of approximately 475 km of agricultural feeder roads in the Geita district and in the Mara region;

PART C. Preinvestment studies for :

(i) preparation of the present project, and

(ii) improvement of approximately 250 km of the high priority roads; and

PART D. Continuation from January 1, 1972 to June 30, 1974 of the Staffing and Training Program in the Roads and Aerodromes Division of the Ministry of

Communications, Transport and Labour of the Borrower for strengthening of its professional staff and for the training of national counterparts.

The Project is expected to be completed by June 30, 1974.

SCHEDULE 3

PROCUREMENT

1. With respect to any contract estimated to cost the equivalent of \$60,000 or more :

(a) If bidders are required to prequalify, the Borrower shall, before qualification is invited, inform the Association in detail of the procedure to be followed and shall introduce such modifications in the said procedure as the Association shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications, shall be furnished by the Borrower to the Association for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Association shall reasonably request.

(b) 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.

(c) 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 on the evaluation and comparison of the bids received, together with 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.

(d) 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.

(e) Two 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.

2. With respect to any contract estimated to cost less than the equivalent of \$60,000, 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. 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.

3. Any contract for goods estimated to cost less than the equivalent of \$5,000 may be awarded by the Borrower on the basis of quotations from local suppliers.

SCHEDULE 4

FEEDER ROADS BETTERMENT PROGRAM

1. The two road betterment units which the Borrower shall establish according to Section 3.02 (a) of this Agreement shall be equipped to carry out a betterment program for about 310 km of agricultural feeder roads in the Geita district and about 165 km of such roads in the Mara region and shall be under the responsibility of the Regional Engineers of the Roads and Aerodromes Division in Mwanza and Musoma, respectively.

2. The Borrower shall designate in consultation with the Association suitably qualified Tanzanian engineers to act as counterparts to the consultants whom the Borrower shall employ according to Section 3.02 (a) of this Agreement.

3. The consultants whom the Borrower shall employ according to Section 3.02 (a) of this Agreement shall :

- (i) provide a team of experts to plan, lay out, supervise and monitor the betterment works, prepare bidding documents for the purchase of equipment, spare parts and culvert pipes, and assist the Borrower in evaluating the bids. The team shall cooperate with and train the Tanzanian counterpart engineers mentioned in paragraph 2 above. The team shall report to the Chief Engineer, Roads and Aerodromes Division;
- (ii) provide two teams of experts to assist the Borrower in the operation of the two betterment units mentioned in paragraph 1 above and to train to the largest extent possible, Tanzanian personnel for this purpose. These teams shall report to the Regional Engineers of the Roads and Aerodromes Division in Mwanza and Musoma, respectively.

SCHEDULE 5

DESIGN STANDARDS FOR MTWARA-MASASI ROAD

Design speed : 80 km/h
Minimum radius : 300 m
Maximum gradient : 6%
Pavement width : 6 m
Minimum shoulder width in cut : 0.9 m

Minimum shoulder width on fill : 1.2 m
Width of structures : * 2 lanes
Pavement design axle-load : 8 m tons

* Three existing one-lane bridges, in good condition, will not be replaced.

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.*]