

No. 12005

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

Development Credit Agreement—*Smallholder Tea Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 3 March 1972

Authentic text: English.

Registered by the International Development Association on 26 September 1972.

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

Contrat de crédit de développement — *Projet relatif aux petits producteurs de thé* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 3 mars 1972

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 26 septembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 3, 1972, between UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Tanzania Tea Authority (hereinafter called TTA), a body corporate established by the Tea Ordinance, Cap. 291, as amended by the Tea Ordinance (Amendment) Act, 1968, of the Borrower is charged *inter alia* with promoting the development of the tea industry;

(C) The Tanzania Rural Development Bank (hereinafter called TRDB), a body corporate established by the Tanzania Rural Development Bank Act, 1971, of the Borrower, is charged *inter alia* with the provision of credit for agricultural purposes;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth herein and in a project agreement of even date herewith² between the Association, TTA and TRDB;

NOW THEREFORE the parties hereto hereby agree as follows:

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, 1969,³ 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

¹ Came into force on 26 July 1972, upon notification by the Association to the Government of the United Republic of Tanzania.

² The said Agreement entered into force on 26 July 1972. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 287 TA, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 274 of this volume.

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) "Project Agreement" means the agreement between the Association, TTA and TRDB of even date herewith, as the same may be amended from time to time with the approval of the Borrower, and such term includes all schedules to the Project Agreement;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and TRDB pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, with the approval of the Association, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) "Project Grower" means any tea grower participating in the planting program of the Borrower under the Project;

(d) "Project Area" means any of the tea growing areas of Bukoba in the West Lake Region, of West Usambara in the Tanga Region, of Rungwe in the Mbeya Region, and of Lupembe in the Iringa Region, of the Borrower;

(e) "Cooperative Society" means any cooperative society established or to be established under the Cooperative Societies Act, 1968, of the Borrower in any Project Area having any Project Grower as a member;

(f) "Project Roads" means any road to be constructed under Part IV of the Project in any Project Area;

(g) "TSh" means Tanzanian Shillings in the currency of the Borrower; and

(h) "Fiscal Year" means the period beginning on July 1 of a given year and ending on June 30 of the next following year.

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 ten million eight hundred thousand dollars (\$10,800,000).

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 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, as revised in May 1971, 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, 1976 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 February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing February 1, 1982 and ending August 1, 2021, each installment to and including the installment payable on August 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. (a) The Borrower shall carry out the Project or shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, agricultural, engineering and economic practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall lend to TRDB, under a subsidiary loan agreement to be entered into between the Borrower and TRDB, at an interest rate of four percent (4%) per annum, with a term of twenty-eight years, including a grace period of eight years, and under such other terms and conditions as shall have been agreed by the Association:

- (i) the part of the proceeds of the Credit withdrawn pursuant to Categories I (a), II (a), (b) and (d) and III (a) of Schedule 1 to this Agreement; and
- (ii) without restriction or limitation upon the provisions of paragraph (a) hereof, such additional funds as shall be required to finance all expenditures under said Categories.

(c) Without restriction or limitation upon the provisions of paragraph (a) hereof, the Borrower shall make available to TTA by way of grant, promptly as needed, the funds required to finance all expenditures under Categories I (c), II (c) and III (c) of Schedule 1 to this Agreement.

(d) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(e) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable TTA and TRDB to perform all of their obligations under the Project Agreement and, in the case of TRDB, under the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out Part IV of the Project within two years from the date of this Agreement, and to this end, the Borrower shall:

- (a) establish and maintain two Road Construction Units within the Roads and Aerodromes Division of its Ministry of Communications, Transport and Labour, one each in Bukoba and Lupembe;
- (b) employ consultants acceptable to the Association and provide sufficient staff to operate these Road Construction Units, as specified in Schedule 4 to this Agreement as the same may be modified from time to time by agreement between the Borrower and the Association;
- (c) make arrangements satisfactory to the Association for financing, supervising and coordinating the construction of the Project Roads in the Rungwe and West Usambara areas; and
- (d) use general design standards as set forth in Schedule 5 to this Agreement as the same may be modified from time to time by agreement between the Borrower and the Association.

Section 3.03. The Borrower shall maintain and repair its Project Roads 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.

Section 3.04. Except as the Borrower and the Association shall otherwise agree, the Borrower shall, in order to assist TTA to carry out Part III of the Project:

- (a) continue to make available to TTA by free secondment from its Ministry of Agriculture and Cooperatives, an adequate number of qualified staff, as shall be requested from time to time pursuant to Section 2.02. (b) of the Project Agreement; and
- (b) ensure that the tea planting program is phased approximately as set forth in the Annex to Schedule 2 to this Agreement as the same may be modified from time to time by agreement between the Borrower and the Association.

Section 3.05. (a) The Borrower undertakes to insure, or shall cause to be insured, 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 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 or cause to be furnished 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 or cause to be maintained 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 or cause to be enabled 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 or cause to be furnished 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. In order to assist TRDB in carrying out Part VI of the Project, the Borrower shall:

- (a) cause each of the Cooperative Societies (i) to maintain appropriate credit accounts in respect of the Project for the individual Project Growers being their members, and (ii) to furnish to TTA and TRDB all such information thereon as TTA or TRDB shall reasonably request; and
- (b) prepare and furnish, or cause to be prepared and furnished, to the Association, TTA and TRDB, not later than four months after the end of each fiscal year, a report on the operations and financial condition of the Cooperative Societies of such scope and in such detail as shall be satisfactory to the Association.

Section 3.08. The Borrower shall take or cause to be taken 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 and financial condition, of the Cooperative Societies and, 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. Except as the Borrower and the Association shall otherwise agree, the Borrower shall provide or cause to be provided to TTA, promptly as needed, the funds, facilities, services and other resources required to construct and operate the additional tea factories specified in Section 2.03 (b) of the Project Agreement.

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 performance by TTA and TRDB of their obligations under the Project Agreement, the administration, operations and financial condition of the Cooperative Societies and, 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 and financial condition of the Cooperative Societies and, 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 their respective obligations under the Development Credit Agreement, the performance by TTA or TRDB of their respective obligations under the Project Agreement, or the performance of the Borrower and TRDB under the Subsidiary Loan 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 and the Project 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 or in Section 7.03 of this Agreement 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 events are specified:

- (a) TTA or TRDB shall have failed to perform any covenant, agreement or obligation of TTA or TRDB, respectively, under the Project Agreement.
- (b) An extraordinary situation shall have arisen which shall make it improbable that TTA or TRDB will be able to perform their respective obligations under the Project Agreement.
- (c) The Borrower or TRDB shall have failed to perform any of their respective obligations under the Subsidiary Loan Agreement.
- (d) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower shall have taken any action for the dissolution or disestablishment of TTA or TRDB or for the suspension of their respective operations, unless prior thereto the Borrower and the Association shall have reached agreement on the arrangements to be made in order to replace such entity by an organization which will assume and perform all the obligations of such entity under the Project Agreement upon said dissolution, disestablishment or suspension.
- (e) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower shall have suspended, terminated, repealed or amended the Tea Ordinance, Cap. 291, as amended by the Tea Ordinance (Amendment) Act, 1968, Tanzania Rural Development Bank Act, 1971, or the Co-operative Societies Act, 1968, all of the Borrower, in such a way as to alter substantially the organization, powers or responsibilities of TTA, TRDB or any of the Cooperative Societies respectively, so as to affect adversely the Project.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) the event specified in Section 7.02 (a), (b) or (c) 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, TTA and TRDB;
- (b) any event specified in Section 7.02 (d) or (e) of this Agreement shall occur.

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 execution and delivery of the Project Agreement on behalf of TTA and TRDB, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.
- (b) The execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and TRDB, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.
- (c) Arrangements satisfactory to the Association for the construction of the Project Roads mentioned in Section 3.02 (c) of this Agreement have been completed.
- (d) TTA has made arrangements satisfactory to the Association for the employment of the Chief Marketing Officer and of the Planning Economist specified in Section 3.01 (c) of the Project Agreement.
- (e) TTA has made arrangements satisfactory to the Association for the employment of the Factory Managers and of the visiting consultants specified in Section 3.01 (d) of the Project Agreement.

Section 8.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

- (a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, TTA and TRDB, respectively, and constitutes a valid and binding obligation of TTA and TRDB in accordance with its terms.
- (b) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and TRDB, respectively, and constitutes a valid and binding obligation of the Borrower and TRDB in accordance with its terms.

Section 8.03. The date of June 1, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Sections 3.03 and 3.08 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty 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:

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 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.

United Republic of Tanzania:

By GOSBERT M. RUTABANZIBWA
Authorized Representative

International Development Association:

By MOHAMED SHOAB
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. (a) Processing equipment for tea factories	1,100,000	} 100% of foreign expenditures
(b) Road construction machinery for Bukoba and Lupembe area roads ..	700,000	
(c) Services of experts employed by TTA	400,000	
(d) Services of experts employed by the Borrower	200,000	
II. (a) Tea factory buildings ..	1,400,000	} 100% of foreign expenditures or 70% of local expenditures
(b) Vehicles and spare parts for TTA leaf collection services and office equipment for TTA headquarters	100,000	
(c) Vehicles and spare parts for TTA extension services	100,000	
(d) Fertilizer and tea planting material	2,300,000	
III. (a) Establishment of nurseries	1,300,000	}
(b) Construction of roads in Bukoba and Lupembe areas (other than construction machinery) ..	400,000	

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
(c) Staff houses and training facilities for extension services	400,000	} 70% of total expenditures
(d) Services of Tanzanian extension service staff employed by the Borrower	1,500,000	
IV. Unallocated	<u>900,000</u>	
	TOTAL <u><u>10,800,000</u></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 "local expenditures" means expenditures for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

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 on account of expenditures incurred after July 1, 1971 in an aggregate amount not exceeding the equivalent of \$580,000; 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 III or of local expenditures under Category II 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 is part of the Borrower's smallholder tea development program. It covers the planting of about 8,300 ha of tea by about 14,000 Project Growers, during the three Fiscal Years from 1971/72 to 1973/74 in the areas of Bukoba, West Usambara, Rungwe and Lupembe, and the provision of marketing and processing facilities. The Project consists of the following parts:

- Part I.* Strengthening of TTA by provision of technical services and construction and equipping of staff houses, offices, workshops, stores for TTA's field operations, and training facilities at Kiwira in the Rungwe district, or at such other location as may be agreed between the Borrower, TTA and the Association.
- Part II.* Construction of 2 and the expansion of 3 tea factories and provision of processing equipment therefor phased approximately as shown in the Annex to this Schedule 2, as such Annex may be modified from time to time by agreement between the Borrower, TTA and the Association.
- Part III.* Provision of extension and leaf collection services for Project Growers and related transportation.

Part IV. Construction of about 300 km of all-weather roads in the Project Areas, approximately as follows: Rungwe: 105 km; Bukoba: 85 km; Lupembe: 75 km; West Usambara: 35 km; and provision of consultants' services for construction and maintenance of these roads and for the training of Tanzanian personnel in connection therewith.

Part V. Establishment and operation of tea nurseries for production of high-grade planting material for the Project Growers.

Part VI. Provision of credit to (a) Project Growers for the purchase of planting material and fertilizers; and (b) TTA for financing expenditures under Categories I (a), II (a) and (b) and III (a) of Schedule 1 to this Agreement.

The Project is expected to be completed by June 30, 1976.

ANNEX TO SCHEDULE 2

Phasing of Project

<i>Area and Fiscal Year</i>	<i>Recruitment and Planting</i>			<i>TTA Factories</i>		
	<i>Recruitment of Project Growers</i>	<i>Area Planted in Hectares</i>	<i>Location of Construction</i>	<i>Stage of Construction Completed*</i>	<i>Production of Made Tea from Smallholders (1,000 kg)</i>	<i>Capacity of all TTA Factories (1,000 kg)</i>
<i>Rungwe:</i>						
1970/71 or earlier	1,600	—	Katumba	1	—	570
1971/72	4,600	1,300	—	—	483	570
1972/73	—	1,100	—	—	646	570
1973/74	—	1,300	Katumba	2	984	1,130
1974/75	—	—	Katumba	3	1,460	1,700
1975/76	—	—	Mpuguso	1 and 2	1,805	2,830
<i>Bukoba:</i>						
1970/71 or earlier	1,100	—	Bukoba	(1)**	—	340
1971/72	1,700	600	—	—	384	340
1972/73	—	600	Bukoba	1	500	570
1973/74	—	500	Bukoba	2	688	1,130
1974/75	—	—	—	—	964	1,130
1975/76	—	—	Bukoba	(3)**	1,326	1,130
<i>Lupembe:</i>						
1970/71 or earlier	1,900	—	Lupembe	1	—	570
1971/72	1,800	800	Lupembe	(2)**	686	570
1972/73	—	800	Lupembe	2	761	1,130
1973/74	—	600	—	—	938	1,130
1974/75	—	—	Lupembe	(3)**	1,173	1,130
1975/76	—	—	Lupembe	3	1,484	1,700

Area and Fiscal Year	Recruitment and Planting			TTA Factories		
	Recruitment of Project Growers	Area Planted in Hectares	Location of Construction	Stage of Construction Completed*	Production of Made Tea from Smallholders (1,000 kg)	Capacity of all TTA Factories (1,000 kg)
<i>West Usambara:</i>						
1970/71 or earlier	600	—	Mponde	(1)**	—	180
1971/72	700	300	Mponde	1	262	570
1972/73	—	200	—	—	355	570
1973/74	—	200	Mponde	(2)**	480	570
1974/75	—	—	Mponde	2	638	1,130
1975/76	—	—	—	—	818	1,130
TOTAL	14,000	8,300				6,790

* Each stage of construction adds annual capacity of approximately 570,000 kg of made tea.

** Started but not yet completed.

SCHEDULE 3

PROCUREMENT

1. With respect to any contract for goods and services, other than those referred to under paragraphs 4 and 6 of this Schedule, estimated to cost the equivalent of \$25,000 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 said procedure as the Association shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, 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 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.

2. With respect to any other contract for goods and services, other than those referred to under paragraphs 4 and 6 of this Schedule, 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. For the purpose of evaluating bids for fertilizer, 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 ex-factory price of such goods.

(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. (Dar es Salaam) price of such goods; and
- (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.

4. Contracts for construction of staff houses and for procurement of office equipment shall be awarded following local competitive bidding, and cuttings,

mulch, wire for shade construction and poles, all for nursery development, may be purchased under negotiated contracts, both according to procedures acceptable to the Association.

5. Notwithstanding the above, the Borrower may construct the Project Roads in the Bukoba and Lupembe areas by force account through its Ministry of Communication, Transport and Labour.

6. Any contract for goods and services 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

ORGANIZATION AND FUNCTIONS OF ROAD CONSTRUCTION UNITS

1. The Borrower shall assign an experienced road engineer within the Roads and Aerodromes Division of the Ministry of Communications, Transport and Labour to act as Project Road Coordinator for the Project Roads.

2. The Consultants specified in Section 3.02 (b) of this Agreement shall be required to provide the following experts:

- (a) Not later than August 1, 1972 a Project Road Manager who will supervise and coordinate the construction of the Project Roads in the Bukoba and Lupembe areas. He will report to the Project Road Coordinator mentioned in paragraph 1 above but the Ministry of Communications, Transport and Labour shall delegate the Consultants sufficient authority required for the efficient execution of the road construction.
- (b) Not later than October 1, 1972 a team for each of the Road Construction Units specified in Section 3.02 (a) of this Agreement each consisting of a resident engineer, a road construction superintendent, a Master Mechanic and a Cost Accountant, and in addition, a bridge construction superintendent in the case of the Road Construction Unit in the Lupembe area.
- (c) As soon as possible, but not later than June 1, 1972 an expert to promptly prepare the bidding documents for the acquisition of road construction machinery for Project Roads in the Bukoba and Lupembe areas and to assist in the evaluation of bids.

The Consultants shall be employed for a period of not less than two years and upon such other terms and conditions as shall be satisfactory to the Association.

3. The Ministry of Communications, Transport and Labour shall assign within its Roads and Aerodromes Division supporting staff to the Road Construction Units, including assistant inspectors, mechanics and plant operators; if neces-

sary the Consultants shall be authorized to employ such supporting staff on behalf of, and on terms and conditions to be approved by, the Roads and Aerodromes Division.

SCHEDULE 5

ROAD DESIGN STANDARDS

Width: Minimum 7.50 m between centers of side drains.

Cross-Section: Barreled cross-section; center line level minimum 40 cm above invert of side drains.

Surfacing: Gravel or crushed stone, 3 m wide, to a minimum thickness of 10 cm.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENT

[Not published herein. See *United Nations, Treaty Series, vol. 703, p. 244.*]
