

No. 12577

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

**Development Credit Agreement—*Second Highway Project*  
(with schedules and Development Credit Regulations  
No. 1, as amended). Signed at Washington on  
24 February 1969**

**Agreement amending the above-mentioned Development  
Credit Agreement. Signed at Washington on 24 No-  
vember 1969**

*Authentic texts: English.*

*Registered by the International Development Association on 14 June 1973.*

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

**Contrat de crédit de développement — *Deuxième projet  
relatif au réseau routier* (avec annexes et Règlement  
n° 1 sur les crédits de développement, tel qu'il a été  
modifié). Signé à Washington le 24 février 1969**

**Avenant au Contrat de crédit de développement susmen-  
tionné. Signé à Washington le 24 novembre 1969**

*Textes authentiques : anglais.*

*Enregistrés par l'Association internationale de développement le 14 juin 1973.*

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

AGREEMENT, dated February 24, 1969, between the UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the KINGDOM OF SWEDEN (hereinafter called Sweden), the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and the Association to assist in the financing of the reconstruction of the Morogoro – Iyayi section of the Tan-Zam Highway;

WHEREAS by an agreement of even date herewith<sup>2</sup> between Sweden and the Borrower (hereinafter called the Swedish Agreement), Sweden has agreed to make available to the Borrower a credit in the principal amount of seventy-eight million Swedish Kronor (SKr 78,000,000) equivalent, at present parity rate, as near as possible to fifteen million dollars (\$15,000,000) on the terms and conditions set forth in the said Swedish Agreement;

WHEREAS by an agreement of even date herewith<sup>3</sup> between the Borrower and the Bank (hereinafter called the Loan Agreement), the Bank has agreed to make a loan to the Borrower in an amount in various currencies equivalent to seven million dollars (\$7,000,000) on the terms and conditions set forth in the said Loan Agreement;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to make a development credit to the Borrower upon the terms and conditions hereinafter set forth; and

WHEREAS the Borrower, Sweden, the Bank and the Association have entered into an agreement of even date herewith<sup>4</sup> (hereinafter called the Disbursement Agreement) in respect of the allocation and disbursement of the proceeds of the above-mentioned loan and credits;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I. CREDIT REGULATIONS; SPECIAL DEFINITIONS*

*Section 1.01.* The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961 as amended February 9, 1967<sup>5</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Credit Regulations No. 1 as so modified, being hereinafter called the Regulations):

Paragraph (b) of Section 5.02 is deleted and the following provision is substituted therefor:

“(b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Development Credit Agreement or the Loan Agreement or the Bonds delivered pursuant to the Loan Agreement.”

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Development Credit Agreement shall have the following meanings:

<sup>1</sup> Came into force on 10 April 1969, upon notification by the Association to the Government of the United Republic of Tanzania.

<sup>2</sup> See p. 259 of this volume.

<sup>3</sup> See p. 203 of this volume.

<sup>4</sup> See p. 241 of this volume.

<sup>5</sup> See p. 228 of this volume.

- (a) The term "Loan" means the loan provided for in the Loan Agreement;
- (b) The term "Swedish Credit" means the credit provided for in the Swedish Agreement.

#### Article II. THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to eight million dollars (\$8,000,000).

*Section 2.02.* (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) Subject to the rights of cancellation and suspension set forth in this Agreement and the Regulations, the amount of the Credit may be withdrawn from the Credit Account as provided in this Agreement, the Regulations and the Disbursement Agreement.

(c) Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals shall be made on account of expenditures made prior to the date of this Agreement.

*Section 2.03.* 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 2.04.* Service charges shall be paid semi-annually on March 1 and September 1 in each year.

*Section 2.05.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each March 1 and September 1 commencing March 1, 1979 and ending September 1, 2018, each instalment to and including the instalment payable on September 1, 1988 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ( $1\frac{1}{2}\%$ ) of such principal amount.

*Section 2.07.* The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 3.02 of the Regulations.

#### Article III. USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule I to this Agreement.

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

*Section 3.03.* Except as the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

*Article IV.* PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In carrying out the Project, the Borrower shall employ consultants acceptable to the Association, upon such terms and conditions as shall have been approved by the Association.

(c) The general design standards which shall be used for the road sections included in the Project are set forth in Schedule 2 to this Agreement.

(d) The road sections included in the Project shall be constructed by contractors acceptable to the Association, upon such terms and conditions as shall have been approved by the Association.

(e) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

*Section 4.02.* The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof); shall enable the Association's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents; and shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods financed out of the proceeds of the Credit, and the operations of the Borrower's Ministry of Communications, Labour and Works and other agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as shall be reasonably requested with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time at the request of either party exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.05.* This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

*Section 4.06. (a)* The Borrower shall 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, and especially the road sections included in the Project, 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 as shall be reasonably required for proper planning of maintenance, improvements and extensions of its highway system.

*(d)* The Borrower shall keep the road sections included in the Project, as well as the traffic on them, under observation and shall strengthen the pavement thereof if and when necessary.

#### *Article V. REMEDIES OF THE ASSOCIATION*

*Section 5.01. (i)* If any event specified in paragraph *(a)* or paragraph *(c)* of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or *(ii)* if any event specified in paragraph *(b)* of Section 5.02 of this Agreement shall occur, or *(iii)* if any event specified in paragraph *(b)* of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof, the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 5.02 *(k)* of the Regulations, the following additional events are specified:

- (a)* the right of the Borrower to withdraw the proceeds of the Swedish Credit shall not have become effective or shall have been suspended in whole or in part, and the Borrower shall have failed to obtain funds from other sources in substitution therefor; and
- (b)* the outstanding principal of the Swedish Credit shall have been declared, or become, due and payable in advance of the agreed maturity thereof in accordance with the terms of the Swedish Agreement.

*Article VI.* EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations:

- (a) that the conditions precedent to the effectiveness of the Loan Agreement shall have been fulfilled, subject only to the effectiveness of this Agreement; and
- (b) that the conditions precedent to the effectiveness of the Swedish Agreement shall have been fulfilled, subject only to the effectiveness of this Agreement.

*Section 6.02.* The following is specified as an additional matter, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association, namely: that the Swedish Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and that such agreement constitutes a valid and binding obligation of the Borrower in accordance with its terms.

*Section 6.03.* The date of April 30, 1969 is hereby specified for the purposes of Section 8.04 of the Regulations.

*Article VII.* MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1972, or such other date as may be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations:

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.

*Section 7.03.* The Minister responsible for finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

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 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 SIMON ALDEWERELD  
Vice President

### SCHEDULE 1

#### DESCRIPTION OF PROJECT

The Project consists of the following:

- (1) the reconstruction to two-lane asphalt paved standard and the partial realignment of the Morogoro – Iyayi section of the Tan-Zam Highway, including the installation of one weigh bridge for use in connection with such road section; and
- (2) the provision of consultants' services for the engineering supervision of the above works.

The Project is expected to be completed by the end of 1971.

### SCHEDULE 2

#### DESIGN STANDARDS

	<i>Terrain</i>			<i>Kitonga Escarpment</i>
	<i>Flat</i>	<i>Rolling</i>	<i>Mountainous</i>	
Design speed, mph .....	70	50-60	40	25
<i>Width, ft.</i>				
Roadway .....	32-34	32-34	28-30	Pavement width plus curbs
Pavement .....	22	22	22	23
Shoulders .....	5-6	5-6	3-4	none
Grades, percent .....	4	5	7	12
Minimum radius of horizontal curves, ft. ...	1,500	1,050	700	100
Stopping sight distance, ft. ....	600	350-475	350	350

Pavement:

Subbase course .....	Selected soil
Base course .....	Crushed stone or stabilised soil
Surface course .....	1.5 inch asphalt concrete
Design axle-load .....	18,000 pounds

	<i>Terrain</i>			<i>Kitonga Escarpment</i>
	<i>Flat</i>	<i>Rolling</i>	<i>Mountainous</i>	
Bridges:				
<i>Width, ft.</i>				
Spans less than 30 ft. . . . .		Equal to roadway width		
Spans more than 30 ft. . . . .		24 ft. curb to curb		
Design load . . . . .		AASHO H20-S16-44		

## INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS  
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 617, p. 60.*]



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

AGREEMENT, dated November 24, 1969, between the UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a loan agreement with the Borrower dated February 24, 1969<sup>2</sup> the International Bank for Reconstruction and Development made a loan to the Borrower of an amount equivalent to US\$7,000,000 for the purpose of assisting the Borrower in financing of a project for the reconstruction of the Morogoro — Iyayi section of the Tan-Zam Highway linking Dar es Salaam with Zambia;

WHEREAS by an agreement with the Borrower (hereinafter called the Development Credit Agreement) dated February 24, 1969<sup>3</sup> the Association agreed to make available to the Borrower an amount equivalent to US\$8,000,000 for the purpose of assisting in financing of the said Project;

WHEREAS by an agreement (hereinafter called the Swedish Agreement) dated February 24, 1969<sup>4</sup> between the Kingdom of Sweden (hereinafter called Sweden) and the Borrower, Sweden agreed to make available to the Borrower a credit in the principal amount of SKr 78,000,000 for the purpose of assisting in the financing of the said Project;

WHEREAS the Association has been requested to make available to the Borrower additional funds in an amount of US\$7,500,000 equivalent for the purpose aforesaid;

WHEREAS in consequence of the additional funds provided for herein, Sweden will cancel an amount of SKr 39,000,000 of the credit provided for in the Swedish Agreement;

WHEREAS the Borrower, Sweden, the Bank and the Association have accordingly agreed to modify the provisions of an agreement dated February 24, 1969<sup>5</sup> between them in respect of the allocation and disbursement of the proceeds of financing for the said Project: and

WHEREAS the Borrower and the Association are prepared, on the basis *inter alia* of the foregoing, to amend the Development Credit Agreement on the terms and conditions set forth herein;

NOW THEREFORE the parties hereto hereby agree as follows:

### Article I

*Section 1.01.* Section 2.01 of the Development Credit Agreement is hereby amended to read as follows:

“SECTION 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to fifteen million five hundred thousand dollars (\$15,500,000).”

<sup>1</sup> Came into force on 30 January 1970, upon notification by the Association to the Government of the United Republic of Tanzania.

<sup>2</sup> See p. 203 of this volume.

<sup>3</sup> See p. 222 of this volume.

<sup>4</sup> See p. 259 of this volume.

<sup>5</sup> See p. 241 of this volume.

*Section 1.02.* All provisions of the Development Credit Agreement, as amended by this agreement, shall remain in full force and effect.

*Article II*

*Section 2.01.* This agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

*Section 2.02.* This agreement shall come into force and effect on the date upon which the Association dispatches to the Borrower notice of its acceptance of:

- (A) evidence that the execution and delivery of this agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action; and
- (B) an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing that:
  - (i) this agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower; and
  - (ii) the Development Credit Agreement as amended by this agreement constitutes a valid and binding obligation of the Borrower in accordance with its terms as so amended.

*Section 2.03.* If this agreement shall not have come into force and effect by February 1, 1970, this agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date. If this agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this agreement had not been executed.

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 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

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