

No. 12578

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**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT, INTERNATIONAL  
DEVELOPMENT ASSOCIATION, UNITED  
REPUBLIC OF TANZANIA and SWEDEN**

**Agreement on allocation and disbursement of proceeds of  
financing—*Second Highway Project* (with schedule).  
Signed at Washington on 24 February 1969**

**Agreement amending the above-mentioned Agreement (with  
schedule). Signed at Washington on 24 November 1969**

*Authentic texts: English.*

*Registered by the International Bank for Reconstruction and Development and  
the International Development Association on 14 June 1973.*

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT,  
ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT, RÉPUBLIQUE-UNIE  
DE TANZANIE et SUÈDE**

**Accord relatif à l'affectation et au déboursement des fonds  
de financement — *Deuxième projet relatif au réseau  
routier* (avec annexe). Signé à Washington le 24 fé-  
vrier 1969**

**Avenant à l'Accord susmentionné (avec annexe). Signé à  
Washington le 24 novembre 1969**

*Textes authentiques : anglais.*

*Enregistrés par la Banque internationale pour la reconstruction et le déve-  
loppement et l'Association internationale de développement le 14 juin  
1973.*

## AGREEMENT<sup>1</sup> ON ALLOCATION AND DISBURSEMENT OF PROCEEDS OF FINANCING

AGREEMENT, dated February 24, 1969, between the UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower), the KINGDOM OF SWEDEN (hereinafter called Sweden), INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by separate agreement with the Borrower each of even date herewith<sup>2</sup> the Association and the Bank have severally agreed to provide financing to the Borrower in amounts equivalent, respectively, to US \$8,000,000 and US \$7,000,000 for the purpose of assisting the Borrower in financing the reconstruction of the Morogoro – Iyayi section of the Tan-Zam Highway linking Dar es Salaam with Zambia;

WHEREAS by an agreement of even date herewith<sup>3</sup> between Sweden and the Borrower, Sweden has agreed to make available to the Borrower a credit in the principal amount of SKr 78,000,000, equivalent, at present parity rate, as near as possible to US \$15,000,000, for the purpose aforesaid; and

WHEREAS the Parties hereto deem it to be in their mutual interest that the allocation and disbursement of the proceeds of such financing be regulated as hereinafter provided:

NOW THEREFORE the Parties hereto hereby agree as follows:

### *Article I. DEFINITIONS*

*Section 1.01.* Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) The terms “Bank Agreement” and “Association Agreement” mean the respective agreements between the Bank and the Borrower and the Association and the Borrower referred to in the first recital to this Agreement, as from time to time amended.

(b) The term “Swedish Agreement” means the agreement referred to in the second recital to this Agreement, as from time to time amended.

(c) The term “Bank Loan” means the loan provided for in the Bank Agreement.

(d) The term “Association Credit” means the credit provided for in the Association Agreement.

(e) The term “Swedish Credit” means the credit provided for in the Swedish Agreement.

(f) The terms “Loan Account”, “Credit Account” and “Swedish Credit Account” mean the respective accounts established under the Bank, Association and Swedish Agreements.

(g) The term “Project” means the project described in Schedule 2 to the Bank Agreement.

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

<sup>2</sup> See pp. 221 and 203 of this volume, respectively.

<sup>3</sup> See p. 259 of this volume.

(h) The term "goods" means equipment, materials, supplies and services required for the Project.

*Article II. AUTHORITY OF THE BANK TO REPRESENT SWEDEN AND THE ASSOCIATION*

*Section 2.01.* Unless otherwise notified by Sweden and the Association, the Bank shall represent Sweden and the Association in all matters under this Agreement which require the consent or the collective action of Sweden, the Association and the Bank.

*Article III. ALLOCATION OF PROCEEDS OF FINANCING*

*Section 3.01.* Subject to the respective provisions of the Bank Agreement, the Association Agreement and the Swedish Agreement, the proceeds of the Bank Loan, the Association Credit and the Swedish Credit may be withdrawn from the Loan Account, the Credit Account and the Swedish Credit Account in accordance with the allocation of the said loan and credits set forth in Schedule I to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions set forth herein or by further agreement between the Borrower, Sweden, the Bank and the Association.

*Section 3.02.* If the estimated cost of the items included in either Category I or Category II of the said Schedule I shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated to Category III of the said Schedule I.

*Section 3.03.* If the estimated cost of the items included in said Category I or Category II shall increase, an amount equal to the portion of such increase to be financed out of the Bank Loan, the Association Credit and the Swedish Credit will be allocated, at the request of the Borrower, to the appropriate Category from said Category III, subject, however, to the requirements for contingencies, as determined by the Bank in respect of the cost of the items in the other Category.

*Article IV. AMOUNTS AND PROPORTIONS OF FINANCING TO BE DISBURSED*

*Section 4.01.* Subject to the provisions of Section 4.02 hereof, the Borrower shall be entitled to withdraw from the Loan Account, the Credit Account and the Swedish Credit Account in respect of the reasonable cost of goods required for the Project and to be financed under the Bank Agreement, the Association Agreement, the Swedish Agreement and this Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) in currencies other than the currency of the Borrower for expenditures under Category I of Schedule I to this Agreement; and
- (ii) the equivalent of eighty per cent (80%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category II of the said Schedule I, provided, however, that if there shall be an increase in the estimate of such expenditures, the Bank may by notice to the Borrower adjust the above percentage as required in order that the withdrawals of the amount allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

*Section 4.02.* Each application for withdrawal by the Borrower shall constitute an application to withdraw funds under the Bank Agreement, the Association Agreement and the Swedish Agreement and the amount so requested under each Agreement shall be reasonably determined by the Bank by apportioning, as nearly as is practicable in the

circumstances, the amount requested in such application in the following respective proportions:

- (i) initially and until the respective amounts of the Association Credit and the Swedish Credit shall have been fully withdrawn or committed, Sweden 50% and the Association 50%; and
- (ii) thereafter the Bank 100%;

provided, however, that in the event that the amount of the Association Credit is exhausted before the amount of the Swedish Credit shall have been fully withdrawn or committed, the proportions specified in the foregoing subparagraph (i) shall be revised so that the proportion of Sweden is 100%;

and provided further that the proportions specified in the said sub-paragraph (i) may in any case be adjusted by Sweden, the Association and the Bank as and when necessary.

#### *Article V.* DISBURSEMENT PROCEDURE

*Section 5.01.* When the Borrower shall desire to withdraw the proceeds of the Bank Loan, the Association Credit and the Swedish Credit, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and evidence as the Bank shall reasonably request.

*Section 5.02.* The following procedures shall apply to the disbursement of the Association Credit and the Swedish Credit:

- (i) If the Bank determines that the Borrower's application for withdrawal is satisfactory, there shall be disbursed from the Credit Account an amount duly apportioned to the Association in accordance with the provisions of Section 4.02.
- (ii) The Bank shall not approve such application unless the Bank is satisfied (a) that such application, the accompanying documents and other evidence submitted by the Borrower conform to the standards prescribed by the Bank for withdrawal applications, and (b) that the amount applied for is to be used only for the purposes specified in the Association and Swedish Agreements.
- (iii) When the Bank has approved disbursement of such amount under the Association Agreement in accordance with the foregoing, it shall promptly notify the Sveriges Riksbank acting as agent for Sweden, that it has received from the Borrower a satisfactory application to withdraw funds (in an aggregate amount to be set forth in such notice, also the amount thereof apportioned to each of the Agreements pursuant to the provisions of Section 4.02 hereof), and that the Bank has approved the disbursement of a specified amount from the Credit Account. Such notice shall be in such form, and contain such other information including the currency or currencies in which disbursement is to be made, and to whom, or on whose order, payment is to be made, as Sweden, the Association and the Bank shall from time to time determine.
- (iv) Upon receipt of such notice, the Sveriges Riksbank, acting as agent for Sweden, shall, subject to the provisions of the Swedish Agreement (including any rights of suspension or termination of withdrawal thereunder), promptly disburse the amount specified in such notice as having been apportioned to Sweden pursuant to the provisions of the said Section 4.02 hereof.

*Section 5.03.* (a) After the entire proceeds of the Association Credit and the Swedish Credit shall have been fully withdrawn or committed, the Bank shall process further

applications for withdrawals submitted by the Borrower as applications for withdrawal of the proceeds of the Bank Loan.

(b) Upon approval of any such application, the Bank shall promptly disburse from the Loan Account such amounts as the Borrower is entitled to pursuant to the provisions of the Bank Agreement.

*Article VI. MISCELLANEOUS*

*Section 6.01.* Any notice or request required or permitted to be given or made under this Agreement and any agreement contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

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 Sweden:

Sveriges Riksbank  
Stockholm 2, Sweden  
Cable address:  
Riksbanken  
Stockholm

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.

For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable address:  
Intbafrad  
Washington, D.C.

*Section 6.02.* The Borrower shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for under

Articles IV and V of this Agreement or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

*Section 6.03.* This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

*Section 6.04.* Except as shall otherwise be agreed by the Parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Agreement, the Association Agreement and the Bank Agreement shall all be in effect.

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

Kingdom of Sweden:

By HUBERT DE BESCHE  
Authorized Representative

International Development Association:

By SIMON ALDEWERELD  
Vice President

International Bank for Reconstruction and Development:

By SIMON ALDEWERELD  
Vice President

#### SCHEDULE 1

##### ALLOCATION OF PROCEEDS OF BANK LOAN, ASSOCIATION CREDIT AND SWEDISH CREDIT

	<i>Allocation (Expressed in US Dollar Equivalent)</i>
<i>Category I</i> Consultant's Services for engineering and supervision of construction . . . . .	1,000,000
<i>Category II</i> Road construction contracts . . . . .	26,000,000
<i>Category III</i> Unallocated . . . . .	3,000,000
	<b>TOTAL</b> <u>\$30,000,000</u>
Out of which:	
Bank Loan . . . . .	7,000,000
Association Credit . . . . .	8,000,000
*Swedish Credit . . . . .	15,000,000

\* The above figure has been calculated on the basis of the present parity rate between the Swedish Krona and the US dollar. It is therefore clearly understood that should a change in the foregoing parity occur the dollar equivalent of the Swedish Credit would be affected thereby. It is further noted that the Borrower and Sweden are providing in a separate exchange of letters for the possible partial replacement of the financial facilities under the Swedish Credit.

## AGREEMENT<sup>1</sup> AMENDING AGREEMENT ON ALLOCATION AND DISBURSEMENT OF PROCEEDS OF FINANCING<sup>2</sup>

AGREEMENT, dated November 24, 1969, between the UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower), the KINGDOM OF SWEDEN (hereinafter called Sweden), INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement with the Borrower dated February 24, 1969<sup>3</sup> the Bank 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>4</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>5</sup> between 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 by an agreement (hereinafter called the Disbursement Agreement) dated February 24, 1969 between the Borrower, Sweden, the Bank and the Association, appropriate arrangements were made in respect of the allocation and disbursement of the proceeds of the above-mentioned financing;

WHEREAS by an agreement of even date herewith<sup>4</sup> between the Borrower and the Association, the Borrower and the Association have agreed to amend the Development Credit Agreement in order to make available to the Borrower additional funds in an amount to US\$7,500,000 equivalent for the purpose aforesaid;

WHEREAS in consequence of the Association making available said additional funds, an amount of SKr 39,000,000 of the credit provided for in the Swedish Agreement will be canceled; and

WHEREAS the Parties hereto have accordingly agreed to amend the provisions of the Disbursement Agreement as hereinafter provided;

NOW THEREFORE the Parties hereto hereby agree as follows:

*Section 1.* The provisions of the Disbursement Agreement are hereby amended as follows:

A. By the deletion of the provisions of Section 4.02 and the substitution therefor of the following:

<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. 242 of this volume.

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

<sup>4</sup> See p. 221 of this volume.

<sup>5</sup> See p. 259 of this volume.

“SECTION 4.02. Each application for withdrawal by the Borrower shall constitute an application to withdraw funds under the Bank Agreement, the Association Agreement and the Swedish Agreement and the amount so requested under each Agreement shall be reasonably determined by the Bank by apportioning, as nearly as is practicable in the circumstances, the amount requested in such application in the following respective proportions:

(i) initially and until the respective amounts of the Association Credit and the Swedish Credit shall have been fully withdrawn or committed, Sweden 50% and the Association 50%; and

(ii) thereafter the Bank 100%;

provided, however, that in the event that the amount of the Swedish Credit is exhausted before the amount of the Association Credit shall have been fully withdrawn or committed, the proportions specified in the foregoing sub-paragraph (i) shall be revised so that the proportion of the Association is 100%;

and provided further that the proportions specified in the said sub-paragraph (i) may in any case be adjusted by Sweden, the Association and the Bank as and when necessary, in order that withdrawals of the Swedish Credit may continue until the proceeds of the Association Credit are fully disbursed or committed.”

B. By deletion of the allocation of proceeds of financing set forth in Schedule I and the substitution therefor of the allocation of proceeds of financing set forth in Schedule I to this agreement.

*Section 2.* Except as shall otherwise be agreed by the Parties hereto, this agreement shall become effective on the date upon which the agreement amending the Development Credit Agreement shall enter into force and effect.

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

Kingdom of Sweden:

By HUBERT DE BESCHE  
Authorized Representative

International Development Association:

By J. BURKE KNAPP  
Vice President

International Bank for Reconstruction and Development:

By J. BURKE KNAPP  
Vice President



## SCHEDULE 1

ALLOCATION OF PROCEEDS OF BANK LOAN,  
ASSOCIATION CREDIT AND SWEDISH CREDIT

		<i>Allocation (Expressed in US Dollar Equivalent)</i>
<i>Category I</i>	Consultant's Services for engineering and supervision of construction .....	1,000,000
<i>Category II</i>	Road construction contracts .....	26,000,000
<i>Category III</i>	Unallocated .....	<u>3,000,000</u>
	TOTAL	<u>\$30,000,000</u>
Out of which:		
	Bank Loan .....	7,000,000
	Association Credit .....	15,500,000
	*Swedish Credit .....	7,500,000

\* The above figure has been calculated on the basis of the present parity rate between the Swedish Krona and the US dollar. It is therefore clearly understood that should a change in the foregoing parity occur the dollar equivalent of the Swedish Credit would be affected thereby.