

No. 12576

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

Loan Agreement—*Second Highway Project* (with schedules and Loan Regulations No. 3, as amended). Signed at Washington on 24 February 1969

Authentic text: English.

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

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

Contrat d'emprunt — *Deuxième projet relatif au réseau routier* (avec annexes et Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 24 février 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 14 juin 1973.

LOAN AGREEMENT¹

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

WHEREAS the Borrower has requested the Kingdom of Sweden (hereinafter called Sweden), the International Development Association (hereinafter called the Association) and the Bank 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 herewith² 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 herewith³ between the Borrower and the Association (hereinafter called the Credit Agreement), the Association has agreed to make a credit to the Borrower in an amount in various currencies equivalent to eight million dollars (\$8,000,000) on the terms and conditions set forth in the said Credit Agreement;

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

WHEREAS the Borrower, Sweden, the Association and the Bank have entered into an agreement of even date herewith⁴ (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. LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,⁵ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations):

(a) Section 4.01 is deleted.

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

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

¹ Came into force on 10 April 1969, upon notification by the Bank to the Government of the United Republic of Tanzania.

² See p. 259 of this volume.

³ See p. 221 of this volume.

⁴ See p. 241 of this volume.

⁵ See p. 211 of this volume.

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

(a) The term "Credit" means the credit provided for in the Credit Agreement.

(b) The term "Swedish Credit" means the credit provided for in the Swedish Agreement.

Article II. THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars (\$7,000,000).

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

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

Section 2.03. Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of:

- (i) expenditures made prior to the date of this Loan Agreement; or
- (ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 4.01 (ii) of the Disbursement Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III. USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan 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 Bank; and (ii) any contract for the procurement of such goods shall be subject to the approval of the Bank.

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

Article IV. BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Minister responsible for finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V. PARTICULAR COVENANTS

Section 5.01. (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 Bank, upon such terms and conditions as shall have been approved by the Bank.

(c) The general design standards which shall be used for the road sections included in the Project are set forth in Schedule 3 to this Agreement.

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

(e) The Borrower shall cause to be furnished to the Bank, 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 Bank shall from time to time request.

Section 5.02. The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof); shall enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods financed out of the proceeds of the Loan, 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 5.03. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan 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 Loan. 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 Bank 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 Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

Section 5.04. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any pledge of commercial goods to secure a debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; and (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower", as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Tanzania or any other institution performing the functions of a central bank.

Section 5.05. The principal of, and interest and other charges on, the Loan and the Bonds 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; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.06. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.07. (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 VI. REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 6.02 of this Agreement shall occur, or (iii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. For the purposes of Section 5.02 (i) of the Loan 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 VII. EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations:

- (a) that the conditions precedent to the effectiveness of the Credit 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 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, 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 7.03. The date of April 30, 1969, is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII. MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1972, or such other date as may be agreed between the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan 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 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 8.03. The Minister responsible for finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

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 Bank for Reconstruction and Development:

By SIMON ALDEWERELD
Vice President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
March 1, 1979	85,000	Sept. 1, 1989	165,000
Sept. 1, 1979	85,000	March 1, 1990	170,000
March 1, 1980	90,000	Sept. 1, 1990	175,000
Sept. 1, 1980	90,000	March 1, 1991	180,000
March 1, 1981	95,000	Sept. 1, 1991	185,000
Sept. 1, 1981	100,000	March 1, 1992	195,000
March 1, 1982	100,000	Sept. 1, 1992	200,000
Sept. 1, 1982	105,000	March 1, 1993	205,000
March 1, 1983	110,000	Sept. 1, 1993	210,000
Sept. 1, 1983	110,000	March 1, 1994	220,000
March 1, 1984	115,000	Sept. 1, 1994	225,000
Sept. 1, 1984	120,000	March 1, 1995	235,000
March 1, 1985	125,000	Sept. 1, 1995	240,000
Sept. 1, 1985	125,000	March 1, 1996	250,000
March 1, 1986	130,000	Sept. 1, 1996	255,000
Sept. 1, 1986	135,000	March 1, 1997	265,000
March 1, 1987	140,000	Sept. 1, 1997	275,000
Sept. 1, 1987	145,000	March 1, 1998	285,000
March 1, 1988	150,000	Sept. 1, 1998	290,000
Sept. 1, 1988	155,000	March 1, 1999	305,000
March 1, 1989	160,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premiums</i>
Not more than four years before maturity	1/2%
More than four years but not more than eight years before maturity	1 1/4%
More than eight years but not more than fourteen years before maturity	2 1/4%
More than fourteen years but not more than twenty years before maturity	3 3/4%
More than twenty years but not more than twenty-six years before maturity	5%
More than twenty-six years but not more than twenty-eight years before maturity	6%
More than twenty-eight years before maturity	6 1/2%

SCHEDULE 2

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 3

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			
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 BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 615, p. 98.*]