

No. 12605

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
BOTSWANA and SWEDEN**

**Joint Financing Agreement—*Second Road Project* (with
schedules). Signed at Washington on 27 April 1972**

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT, BOTSWANA et SUÈDE**

**Contrat de financement conjoint — *Deuxième projet rou-*
tier (avec annexes). Signé à Washington le 27 avril
1972**

Texte authentique : anglais.

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

JOINT FINANCING AGREEMENT¹

AGREEMENT, dated April 27, 1972, between REPUBLIC OF BOTSWANA (hereinafter called Botswana), the KINGDOM OF SWEDEN (hereinafter called Sweden), and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) By a development credit agreement with Botswana of even date herewith,² Sweden has agreed to make available to Botswana a credit in an aggregate principal amount of twenty million five hundred thousand Swedish kronor (SKr 20,500,000) equivalent to about four million dollars (\$4,000,000) for the purpose of assisting in the financing of the Project described in Schedule 1 to this Agreement.

(B) By an agreement with Botswana of even date herewith,³ the Association has agreed to make available to Botswana a credit in an aggregate principal amount in various currencies equivalent to two million dollars (\$2,000,000) for the same purpose; and

(C) The parties hereto have agreed on the allocation, withdrawal and use of the proceeds of the Swedish Credit and the IDA Credit and the execution of the Project to be financed thereby, as well as on other matters, 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 term "Swedish Credit Agreement" means the agreement between Sweden and Botswana referred to in Recital (A) to this Agreement, as from time to time amended.

(b) The term "IDA Credit Agreement" means the credit agreement between Botswana and the Association referred to in Recital (B) to this Agreement, as from time to time amended.

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

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

(e) The terms "Swedish Credit Account" and "IDA Credit Account" mean the respective accounts established under the Swedish Credit Agreement and the IDA Credit Agreement.

(f) The term "Project" means the Project described in Schedule 1 to this Agreement.

(g) The term "Gazetted Roads" means such public roads of Botswana as published in its Gazette from time to time.

¹ Came into force on 14 June 1972, upon notification by the Association to the Parties concerned.

² See p. 179 of this volume.

³ See p. 145 of this volume.

Article II. ALLOCATION AND WITHDRAWALS OF PROCEEDS
OF THE SWEDISH CREDIT AND THE IDA CREDIT

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the IDA Credit Agreement and subject to the provisions of Section 2.02 of the IDA Credit Agreement, the amounts of the Swedish Credit and the IDA Credit may be withdrawn from the Swedish Credit Account and the IDA Credit Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between Botswana, Sweden and the Association.

Section 2.02. Withdrawals from the Swedish Credit Account and the IDA Credit Account shall be apportioned by the Association between the Swedish Credit and the IDA Credit, as nearly as practicable in the circumstances and taking into account the limitations provided for in Article 1, Section 2, of the Swedish Credit Agreement, in the ratio of 2 to 1, or such other ratio as shall be agreed between Sweden and the Association.

Section 2.03. (a) Botswana may withdraw any amount of the Swedish Credit or the IDA Credit by delivering to the Association a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall, except as Botswana and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

(b) Botswana shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association has approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that Botswana is entitled to withdraw from the Swedish Credit Account or the IDA Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

Section 2.04. (a) When the association has approved an application by Botswana for withdrawal, the Association shall:

- (i) pay the amount, if any, which Botswana is entitled to withdraw from the IDA Credit Account to or on the order of Botswana in accordance with the provisions of the IDA Credit Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from the Swedish Credit Account and the IDA Credit Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the IDA Credit Account in the amount set forth in such notice and that the portion, if any, to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank to the payee indicated therein.

(b) Upon receipt of such notice of the Association, the Sveriges Riksbank shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit

Account in the currency and to the payee stated in the notice and immediately advise Botswana of each such payment.

Section 2.05. If at any time the amount of the Swedish Credit or of the IDA Credit should be fully withdrawn or cancelled, applications by Botswana for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the IDA Credit Account or the Swedish Credit Account only and the provisions of this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.06. Upon Botswana's request and upon such terms as shall be agreed between Botswana and the Association, the Association may enter into special commitments to pay amounts to Botswana or others in respect of the cost of goods or services required for the Project. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank constitute an obligation on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.04 and 2.05, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.02 of this Agreement.

Section 2.07. If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish kronor, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, the par values established by the International Monetary Fund, or, if no such values have been established, such rate as shall be reasonably determined by the Sveriges Riksbank.

Article III. EXECUTION OF THE PROJECT; USE OF PROCEEDS OF THE SWEDISH CREDIT AND THE IDA CREDIT

Section 3.01. Botswana shall carry out the Project with due diligence and efficiency and in conformity with sound technical, engineering, administrative and financial practices and shall provide, promptly as needed, the funds, facilities, staff, services and other resources required for the purpose.

Section 3.02. (a) In order to assist Botswana in carrying out the supervision of the construction of Part A of the Project, Botswana shall employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) In order to carry out Part B of the Project, Botswana shall by December 31, 1972, employ three road engineers for a period of four years upon terms and conditions satisfactory to the Association.

Section 3.03. Except as Sweden, Botswana and the Association shall otherwise agree, Botswana shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association to carry out construction work included in the Project.

Section 3.04. (a) Except as Sweden and the Association shall otherwise agree, the goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Swedish Credit and the IDA 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.

(b) Except as Sweden and the Association shall otherwise agree, Botswana shall cause all goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit to be used exclusively for the Project.

Section 3.05. (a) Botswana shall furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction schedules for the Project, and any material modification thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) Botswana: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit, and to disclose the use thereof in the Project; (ii) shall enable accredited representatives of Sweden and the Association to inspect the Project, the goods financed out of the proceeds of the Swedish Credit and the IDA Credit and any relevant records and documents; and (iii) shall furnish to Sweden and the Association all such information as Sweden and the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Swedish Credit and the IDA Credit and the goods and services financed out of such proceeds.

Section 3.06. Except as the Association shall otherwise agree, the general design standards to be used for the road included in Part A of the Project shall be as set forth in Schedule 4 to this Agreement.

Article IV. OTHER COVENANTS OF BOTSWANA

Section 4.01. Botswana shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the departments or agencies of Botswana responsible for carrying out the Project or any part thereof.

Section 4.02. (a) Botswana shall continue to cause its Gazetted Roads to be adequately maintained in accordance with sound economic and engineering practices, taking account of the financial constraints of the country.

(b) Botswana shall take all reasonable measures to ensure that the dimensions and axle loads of vehicles using its roads do not exceed limits appropriate to the design standards of the roads; and

(c) Botswana shall continue to collect, record and analyze, in accordance with appropriate statistical methods and procedures, such technical, economic and financial information, including traffic data, as shall be reasonably required for proper planning of road maintenance, improvements and extensions.

Article V. CONSULTATION AND INFORMATION

Section 5.01. Botswana, Sweden and the Association shall cooperate fully to ensure that the purposes of the Swedish Credit and the IDA Credit will be accomplished. To that end, Botswana, Sweden and the Association shall from time to time, at the request of any party exchange views through their representatives with regard to the performance of their respective obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement as well as the administration, operations and financial condition, in respect of the Project, of the departments or other agencies of Botswana responsible for carrying out the Project or any part thereof and other matters relating to the purposes of the Swedish Credit and the IDA Credit.

Section 5.02. The parties hereto shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the

purposes of the Swedish Credit and the IDA Credit, the maintenance of the service thereof or the performance by any party of its obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement.

Section 5.03. Botswana and the Association shall exchange views on the results of a study, to be completed by Botswana by December 31, 1972, on the timing of improvements of other sections of the North-South Road.

Article VI. MISCELLANEOUS

Section 6.01. Any notice or request required or permitted to be given or made under 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 Botswana:

Ministry of Finance and Development Planning
Private Bag No. 8
Gaborone, Botswana
Cable address:
Finance
Gaborone

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden pursuant to Article II of this Agreement:

Sveriges Riksbank
Box 2119
Stockholm 2
Sweden
Cable address:
Riksbanken
Stockholm

(b) for all other purposes:

Swedish International Development Authority
10525 Stockholm 1
Sweden
Cable address:
Sida
Stockholm

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Cable address:
Indevas
Washington

Section 6.02. Botswana shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of the Association, take any other action or execute any other documents required or permitted to be taken or executed by Botswana 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. (a) Except as shall be otherwise agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the IDA Credit Agreement shall both be in effect.

(b) If the IDA Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other parties of such termination.

Section 6.05. This Agreement and all obligations of the parties thereto thereunder shall terminate on the date upon which the IDA Credit Agreement shall have terminated.

Section 6.06. Upon termination of the Swedish Credit Agreement or the IDA Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Swedish Credit Agreement or the IDA Credit Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

Section 6.07. Unless Sweden otherwise notifies Botswana and the Association, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

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.

Republic of Botswana:
By Chief LINCHWE II
Authorized Representative

Kingdom of Sweden:
By HUBERT DE BESCHE
Authorized Representative

International Development Association:
By S. ALDEWERELD
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of:

- A. The reconstruction and paving of about 80 km of the North-South Road from Pioneer Gate through Lobatse to Gaborone and from Gaborone to Sebele about 9 km north of Gaborone; and
- B. The provision of technical assistance to strengthen the staffing of the Road Branch of the Public Works Department of Botswana.

The Project is expected to be completed by March 31, 1976.

SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE SWEDISH CREDIT AND OF THE IDA CREDIT, EQUIVALENT IN THE AGGREGATE TO ABOUT US \$6,000,000

1. The table below sets forth the categories of items to be financed out of the proceeds of the Swedish Credit and of the IDA Credit, the allocation of amounts of such proceeds to each category and the percentage of eligible expenditures so to be financed in each category:

Category	Allocation (expressed in U.S. dollar equivalent)		% of Expenditures to be Financed
	IDA Credit	Swedish Credit	
I. Road reconstruction and paving	1,400,000	2,800,000	98% of total expenditures
II. Consultant services for Part A of the Project	150,000	300,000	100% of total expenditures
III. Technical assistance	20,000	40,000	100% of foreign expenditures
IV. Unallocated	430,000	860,000	
TOTAL	<u>2,000,000</u>	<u>4,000,000</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 Botswana, provided, however, that if the currency of Botswana is also that of another country in the territories of which goods are produced or from the territories of which services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

(b) The term "local expenditures" means expenditures in the currency of Botswana, or for goods produced in, or services supplied from, the territories of Botswana; 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 from the Swedish Credit and the IDA Credit in respect of Category II on account of expenditures incurred after October 1, 1970 in an aggregate amount not exceeding the equivalent of US \$220,000; and

(b) payments for taxes imposed under the laws of Botswana 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 fourth 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 Swedish Credit or of the IDA Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the proceeds of the Swedish Credit and of the IDA Credit set forth in the second and third columns of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amounts of the proceeds of the Swedish Credit and of the IDA Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amounts of the proceeds of the Swedish Credit and of the IDA Credit; and
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the fourth column of the table of 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 Sweden and the Association at the request of Botswana, to such Category from the unallocated amounts of the proceeds of the Swedish Credit and of the IDA 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 fourth column of the table set out in paragraph 1 above, if the estimate of expenditures under Category I shall increase and no proceeds of the Swedish Credit and of the IDA Credit are available for reallocation to such Category, the Association may, by notice to Botswana, 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.

6. If any contract for the procurement of any item included in any Category shall have been awarded according to procedures inconsistent with those set forth or referred to in Section 3.04 (a) of this Agreement, or if the Association shall have reasonably objected to any such contract on the ground that the procurement procedure followed is inconsistent with the procedures set forth or referred to in such Section 3.04 (a), or if the terms and conditions of any such contract shall, without the Association's prior concurrence, materially differ from those on the basis of which bids were asked, Sweden and the Association may, without in any way restricting or limiting any right, power or remedy of Sweden and the Association under the Swedish Credit Agreement and the IDA Credit Agreement respectively, by notice to Botswana, cancel such amount of the Swedish Credit and the IDA Credit as in the Association's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Swedish Credit and the IDA Credit, had the procurement procedures followed not been inconsistent with those set forth or referred to in such Section 3.04 (a).

SCHEDULE 3

PROCUREMENT

With respect to any contract for goods and services in Category I of Schedule 2 to this Agreement:

(a) Bidders shall be required to prequalify and Botswana 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. Notice of the invitation to prequalify shall be given to the representatives accredited to Botswana of the member countries of the International Bank for Reconstruction and Development (and Switzerland) not less than 45 days before the date set forth for such prequalification. In addition the invitation to prequalify will be simultaneously advertised in appropriate local publications in Botswana as well as in selected foreign technical magazines of wide circulation. 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 Botswana to the Association for its comments before the applicants are notified and Botswana shall make such additions or deletions from the said list as the Association shall reasonably request.

(b) Before bids are invited, Botswana 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 procedures 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) The firms invited to bid shall be allowed at least 60 days for the submission of their proposals. The bidding documents shall be accompanied by a bid bond or bank guarantee amounting to not less than 3% of the estimated contract value.

(d) After bids have been received and evaluated, Botswana 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 by the consultants referred to in Section 3.02 of this Agreement on the evaluation and comparison of the bids received, together with the recommendations for award of the said consultants and the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 3.04 (a) of this Agreement or with the IDA Credit Agreement or with the Swedish Credit Agreement, promptly inform Botswana and state the reasons for such determination.

(e) The successful bidder in respect of civil works shall, at Botswana's option, furnish either a performance bond or a bank guarantee in an amount of not less than 10% of the contract price, which bond or guarantee shall remain in effect until one year after completion of the works. In addition, the contract shall provide for retention of not less than 10% of the cost of works on each monthly invoice. These retentions may cease to be made when the cumulative amount of such retentions reaches about 5% of the total contract price. One-half of the retention moneys shall be released when all the work has been substantially completed, and the other half fourteen days after the termination of the contractor's responsibility in respect of defects. The period during which the contractor will remain responsible in respect of defects in the works (fair wear and tear expected) will extend for one year after acceptance of the works.

(f) The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked.

(g) Two copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Swedish Credit Account and the IDA Credit Account in respect of any such contract.

SCHEDULE 4

DESIGN STANDARDS

Design Speed	km/hr.	100
Width of Roadway	m	10.7
Width of Surfacing	m	6.7
Width of Shoulders	m	2.0
Minimum Radius of Curvature	m	500
Maximum Grade (normal)	%	3
(exceptional)	%	5
Width Bridges (within curbs)	m	7.5
(footpaths)	m	0.75
Pavement Type	Double bituminous surface treatment.	