

No. 7781

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Agreement (with annexed Development Credit Agreement—*Road Project*—dated 3 August 1964 between the Association and the Bechuanaland Protectorate, and Development Credit Regulations No. 1) relating to assistance to be furnished to the Bechuanaland Protectorate in carrying out the terms of the said Development Credit Agreement. Washington, 31 July 1964

Official text: English.

Registered by the International Development Association on 18 May 1965.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Accord (avec, en annexe, le Contrat de crédit de développement — *Projet relatif à la construction de routes* — en date du 3 août 1964 entre l'Association et le Protectorat du Betchouanaland, et le Règlement n° 1 sur les crédits de développement) relatif à l'aide à fournir au Protectorat du Betchouanaland pour l'application du dit Contrat de crédit de développement. Washington, 31 juillet 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 mai 1965.

No. 7781. AGREEMENT¹ BETWEEN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO ASSISTANCE TO BE FURNISHED TO THE BECHUANALAND PROTECTORATE IN CARRYING OUT THE TERMS OF THE DEVELOPMENT CREDIT AGREEMENT DATED 3 AUGUST 1964² BETWEEN THE ASSOCIATION AND THE BECHUANALAND PROTECTORATE. WASHINGTON, 31 JULY 1964

BRITISH EMBASSY
WASHINGTON

31 July 1964

International Development Association
1818 H Street N.W.
Washington, D.C. 20433

Dear Sirs :

I refer to the proposed Development Credit Agreement (*Road Project*)² between the International Development Association and the Bechuanaland Protectorate.

2. It is the policy of Her Majesty's Government in relation to the High Commission Territories and other dependent territories to provide financial help towards their approved development programmes, where these cannot be wholly financed from the Territories' own resources, and to help them provide and maintain necessary basic services by budgetary support where the need for this is proved. So long as the United Kingdom remains responsible for the Bechuanaland Protectorate, this policy can be expected to continue to the extent that the Protectorate's needs are not met by financial help from other sources.

3. Her Majesty's Government understand that, in connection with the above-mentioned Credit, arrangements have been made to provide funds in an amount sufficient to meet the estimated cost of the Project of \$4.6 million equivalent. \$3.6 million would come from the Credit and the remainder from the resources

¹ Became effective on 24 December 1964, the date on which the Development Credit Agreement between the Association and the Bechuanaland Protectorate (see p. 208 of this volume) came into force, upon notification by the Association to the Bechuanaland Protectorate.

² See p. 208 of this volume.

of the Bechuanaland Protectorate which include financial assistance from Her Majesty's Government. Her Majesty's Government confirm that the funds to be provided from such assistance would be made available to the Bechuanaland Protectorate promptly as required to enable it to meet contractors' and suppliers' billings. Should the cost of this Project exceed \$4.6 million, Her Majesty's Government, so long as they remain responsible for the Bechuanaland Protectorate, would take such action, in consultation with the Association and the Bechuanaland Protectorate, as, in the exercise of their best judgment, Her Majesty's Government considered appropriate and feasible in the light of all the circumstances to assist the Bechuanaland Protectorate to obtain the needed funds. If, before the completion of the Project, a constitutional change were made whereby Her Majesty's Government would no longer be responsible for the Bechuanaland Protectorate, Her Majesty's Government, before the operative date of such change, would, in consultation with the Association and the Bechuanaland Protectorate, use their best endeavours to ensure that sufficient funds would be available to the Bechuanaland Protectorate to provide for the completion of the Project.

4. I wish also to confirm that, so long as Her Majesty's Government is responsible for the Bechuanaland Protectorate, Her Majesty's Government will grant any necessary permission to the Bechuanaland Protectorate to enable it to purchase the currencies required to service the Credit made available to it by the Association, and moreover, if difficulties were to arise over the provision of the foreign exchange required for the service of this Credit, Her Majesty's Government would be willing to consider at the time with the Association and the Bechuanaland Protectorate, and if necessary with the South African authorities, what appropriate measure it could take to overcome them.

Yours faithfully,

Eric ROLL

DEVELOPMENT CREDIT AGREEMENT (ROAD PROJECT)

AGREEMENT, dated August 3, 1964, between BECHUANALAND PROTECTORATE (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS

Section 1.01. The parties hereto accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,¹ subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

¹ See p. 222 of this volume.

Section 1.02. For the purposes of this Agreement the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961, shall be deemed to be modified as follows :

(a) By deletion of Section 3.01 and by substituting the following new section therefor:

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“(i) on account of expenditures for goods produced in (including services supplied from) the territory of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) By inserting a new Section 3.04 after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(c) By renumbering Section 3.04 as Section 3.05.

(d) By deletion of the words “The Borrower” in paragraphs (g) and (h) of Section 5.02 and the substitution therefor of the words “The United Kingdom of Great Britain and Northern Ireland.”

(e) By deletion of paragraph 5 of Section 9.01 and the substitution therefor of the following :

“5. The term ‘Borrower’ means Bechuanaland Protectorate.”

(f) By deletion of the second sentence of paragraph 6 of Section 9.01.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a credit in an amount in various currencies equivalent to three million six hundred thousand dollars (\$3,600,000).

Section 2.02. 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. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

- (i) the equivalent of 78% (or such other percentage as may from time to time be agreed between the Borrower and the Association) of such amounts as shall have been paid for the reasonable cost of goods to be financed under the Development Credit Agreement; and
- (ii) if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments to be made for the reasonable cost of such goods;

provided, however, that no withdrawals shall be made on account of expenditures prior to July 1, 1963, except on account of expenditures of not more than the equivalent of one hundred and forty thousand dollars (\$140,000).

Section 2.04. 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 2.05. Service charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each January 15 and July 15 commencing January 15, 1975 and ending July 15, 2014, each instalment to and including the instalment payable on July 15, 1984, 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.

Article III

USE OF PROCEEDS OF CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territory of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.