No. 8256

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UNITED REPUBLIC OF TANZANIA

Development Credit Agreement—*Agricultural Credit Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the National Development Credit Agency). Signed at Washington, on 13 January 1966

Official text: English.

Registered by the International Development Association on 13 July 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
RÉPUBLIQUE-UNIE DE TANZANIE

Contrat de crédit de développement — *Projet de crédit agricole* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la National Development Credit Agency). Signé à Washington, le 13 janvier 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 juillet 1966.

No. 8256. DEVELOPMENT CREDIT AGREEMENT[1] (*AGRICULTURAL CREDIT PROJECT*) BETWEEN THE UNITED REPUBLIC OF TANZANIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 13 JANUARY 1966

AGREEMENT, dated January 13, 1966, between the UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the National Development Credit Agency (hereinafter called the NDCA) has been established by the National Co-operative and Development Bank Act, 1964 of the Borrower with the purpose, *inter alia*, of providing credit for agricultural purposes ;

WHEREAS the Borrower and the NDCA have requested the Association to assist in the financing of a lending program of the NDCA for agricultural development ; and

WHEREAS the Association has agreed to make a Credit to the Borrower for such a program upon the terms and conditions set forth herein and in a project agreement of even date herewith[2] between the Association and the NDCA ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS ; 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,[2] with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(*a*) The second sentence of Section 2.02 is amended by deleting the words "at the same rate" and substituting therefor the words "at the rate of one-half of one per cent (½ of 1%) per annum".

[1] Came into force on 4 March 1966, upon notification by the Association to the Government of the United Republic of Tanzania.
[2] See p. 196 of this volume.

(*b*) Section 3.01 is deleted and the following new section is substituted 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 in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such freely convertible currency or currencies as the Association shall from time to time reasonably select ; and

"(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."

(*c*) A new Section 3.04 is inserted 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."

(*d*) Section 3.04 is renumbered as Section 3.05.

(*e*) Section 4.01 is deleted.

(*f*) The second sentence of section 4.03 is amended by the substitution of the words "Investment Projects or the Project, as the case may be" for the word "Project".

(*g*) Section 6.02 is amended by inserting the words "or the Project Agreement" after the words "the Development Credit Agreement".

(*h*) Section 8.04 is deleted.

(*i*) Paragraph 9 of Section 9.01 is deleted and the following paragraph is substituted therefor :

"9. The term 'Project' means the project for which the Credit is granted, as described in the Schedule to the Development Credit Agreement and as the description thereof shall be amended from time to time by agreement between the Association and the Borrower."

(*j*) Paragraph 10 of Section 9.01 is deleted and the following paragraph is substituted therefor :

"10. The term 'goods' means equipment, supplies and services required for the Investment Projects financed out of the proceeds of the Credit or for the Project, as the case may be."

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

(*a*) "Project Agreement" means the project agreement of even date herewith between the NDCA and the Association and shall include any amendments thereof made by agreement among the Borrower, the NDCA and the Association.

(*b*) "Investment Project" means a project which has been approved in writing by the Association for financing out of the proceeds of the Credit.

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 development credit in an amount in various currencies equivalent to five million dollars ($ 5,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit 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 Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

(*a*) such amounts as shall have been expended for the reasonable foreign currency costs of the services of the officers referred to in the Schedule to this Agreement and of housing and vehicles for such officers ;

(*b*) such amounts as shall have been expended for the reasonable cost of goods required for an Investment Project and in respect of which the NDCA has made disbursements under credits provided by it for such Investment Project ; and

(*c*) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of goods required for an Investment Project to the extent that a borrower from the NDCA will be liable at the time of such payments to repay thereafter to the NDCA an equivalent amount under a loan agreement between the NDCA and such borrower ;

provided, however, that no withdrawal shall be made on account of (i) expenditures made prior to July 1, 1965 ; or (ii) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (¾ 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 April 1 and October 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1975 and ending April 1, 2015, each installment to and including the installment payable on April 1, 1985 to be one-half of one per cent (½ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1½%) of such principal amount.

Article III

USE OF PROCEEDS OF THE 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 Investment Projects in respect of which the NDCA has granted credits under the Project described in the Schedule to this Agreement and to financing the services of the officers referred to in the Schedule to this Agreement and housing and vehicles required for such officers. 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.

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 agricultural, engineering and financial standards and practices.

(*b*) The Borrower shall take all action which shall be necessary on its part to enable the NDCA to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by NDCA.

(*c*) The Borrower shall cause the NDCA to have experienced and competent management.