

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

**Letters (with annexed Development Credit Agreement—
Road Project—dated 9 February 1966 between the
Association and Basutoland, and Development Credit
Regulations No. 1) constituting an agreement relating to
assistance to be furnished to Basutoland in carrying out
the terms of the said Development Credit Agreement.
Washington, 8 February 1966**

Official text : English.

Registered by the International Development Association on 13 July 1966.

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

**Lettres (avec, en annexe, le Contrat de crédit de développe-
ment — *Projet routier* — daté du 9 février 1966 entre
l'Association et le Bassoutoland, et le Règlement n° 1 sur
les crédits de développement) constituant un accord
relatif à l'assistance qui sera fournie au Bassoutoland
pour lui permettre d'exécuter les clauses dudit Contrat
de crédit de développement. Washington, 8 février 1966**

Texte officiel anglais.

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

No. 8257. LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO ASSISTANCE TO BE FURNISHED TO BASUTOLAND IN CARRYING OUT THE TERMS OF THE DEVELOPMENT CREDIT AGREEMENT (*ROAD PROJECT*) DATED 9 FEBRUARY 1966² BETWEEN THE ASSOCIATION AND BASUTOLAND. WASHINGTON, 8 FEBRUARY 1966

BRITISH EMBASSY
WASHINGTON

February 8, 1966

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

Dear Sirs :

In connection with the proposed Development Credit for Basutoland (*Road Project*),² as required by Section 1 (e) of Article V of the Articles of Agreement of the International Development Association,³ I confirm that the Government of the United Kingdom of Great Britain and Northern Ireland has no objection to such financing.

Yours faithfully,

United Kingdom of Great Britain
and Northern Ireland :

By J. M. STEVENS
Authorized Representative

¹ Came into force on 24 February 1966, the date of entry into force of the Development Credit Agreement of 9 February 1966 (see p. 212 of this volume).

² See p. 212 of this volume.

³ United Nations, *Treaty Series*, Vol. 439, p. 249 ; Vol. 480, p. 438, and Vol. 528, p. 310.

BRITISH EMBASSY
WASHINGTON

February 8, 1966

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

Dear Sirs :

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

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 of Great Britain and Northern Ireland remain responsible for Basutoland, this policy can be expected to continue to the extent that Basutoland'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 the equivalent of United States \$5,400,000. The equivalent of United States \$4,100,000, would come from the Development Credit and the remainder from the resources of Basutoland 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 Basutoland promptly as required to enable it to meet costs of the Project. Should the cost of this Project exceed the equivalent of United States \$5,400,000, Her Majesty's Government, so long as they remain responsible for Basutoland, would take such action, in consultation with the Association and Basutoland, 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 Basutoland 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 Basutoland, Her Majesty's Government, before the operative date of such change, would, in consultation with the Association and Basutoland, use their best endeavours to ensure that sufficient funds would be available to Basutoland to provide for the completion of the Project.

4. We wish also to confirm that, so long as Her Majesty's Government is responsible for Basutoland, Her Majesty's Government will grant any necessary permission to

Basutoland 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 Basutoland, and if necessary with the South African authorities, what appropriate measures it could take to overcome them.

Very truly yours,

United Kingdom of Great Britain
and Northern Ireland :

By J. M. STEVENS
Authorized Representative

DEVELOPMENT CREDIT AGREEMENT
(ROAD PROJECT)

AGREEMENT, dated February 9, 1966 between BASUTOLAND (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.

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 the words "at the same rate" in the second sentence of Section 2.02 and by substituting therefor the words "at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum."

(b) 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.

¹ See p. 226 of this volume.

- “(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.”
- (c) 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.”
- (d) By renumbering Section 3.04 as Section 3.05.
- (e) By deletion of subparagraph (f) of Section 5.02 and substitution therefor of the following paragraph :
- “(f) An extraordinary situation shall have arisen or a change in the nature and constitution of the Borrower shall have occurred which shall make it improbable that the Borrower will be able to perform its obligations under the Development Credit Agreement.”
- (f) 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.”
- (g) By deletion of paragraph 5 of Section 9.01 and the substitution therefor of the following :
- “5. The term ‘Borrower’ means Basutoland.”
- (h) 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 four million one hundred thousand dollars (\$4,100,000).

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 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.