No. 8479

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MALAWI

Development Credit Agreement—*Highway Engineering Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 4 October 1966

Official text: English.

Registered by the International Development Association on 20 December 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
MALAWI

Contrat de crédit de développement — *Projet routier* (avec lettre y relative et, en annexe, le Règlement nº 1 sur les crédits de développement). Signé à Washington, le 4 octobre 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 20 décembre 1966.

No. 8479. DEVELOPMENT CREDIT AGREEMENT[1] (*HIGHWAY ENGINEERING PROJECT*) BETWEEN THE REPUBLIC OF MALAWI AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 4 OCTOBER 1966

AGREEMENT, dated October 4, 1966 between REPUBLIC OF MALAWI (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to make available a development credit to assist in financing the detailed engineering and related studies of the highways described in Schedule 2 to this Agreement, and the Association is willing to make a development credit to the Borrower for the said purpose on the terms and conditions hereinafter in this Agreement set forth; and

WHEREAS the Association would be prepared to refund the said development credit out of the proceeds of any later development credit which it may make to the Borrower for the construction of the said highways;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS

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 words " at the same rate " in the second sentence of Section 2.02 are deleted and the words " at the rate of one-half of one per cent ($^1/_2$ of 1%) per annum " are substituted therefor.

(*b*) Section 3.01 is deleted and the following new section is substituted therefor :

[1] Came into force on 4 November 1966, upon notification by the Association to the Government of Malawi.

[2] See p. 228 of this volume.

" 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 the currency of the Borrower or for goods produced in (including services supplied from) the territories 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*) 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*) Paragraph (*j*) of Section 5.02 is deleted and the following new paragraph is substituted therefor :

" (*j*) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under this Development Credit Agreement or under any other development credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though payment has been made by other persons. "

(*f*) Section 8.04 is deleted.

(*g*) Section 8.05 is renumbered as Section 8.04.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to four hundred and ninety thousand dollars ($490,000).

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 this 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 this Development Credit Agreement, to withdraw from the Credit Account :

(i) the equivalent of 85 per cent (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 to the consultants under the contracts referred to in paragraph (*c*) of Section 3.01 of this 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 under paragraph (i) of this Section;

provided, however, that no withdrawals shall be made on account of expenditures prior to December 1, 1965.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ 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 paid semi-annually on April 1 and October 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

PARTICULAR COVENANTS

Section 3.01. (*a*) The Borrower shall carry out the Project with due diligence and efficiency, in conformity with sound engineering and financial practices, and in accordance with design standards satisfactory to the Association.

(*b*) The Borrower shall provide, promptly as needed, the funds, facilities, services and other resources required to carry out the Project.

(*c*) (i) In carrying out of the Project, the Borrower shall employ competent and experienced consultants acceptable to the Association to an extent, and under such contracts and terms of reference, as shall be satisfactory to the Association; (ii) The Borrower shall not amend, assign, waive, suspend or terminate any