

No. 9307

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MALAWI

Development Credit Agreement—*Highway Project* (with
annexed Credit Regulations No. 1, as amended).
Signed at Washington, on 5 February 1968

Official text : English.

Registered by the International Development Association on 20 November 1968.

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
MALAWI

Contrat de crédit de développement — *Projet relatif au
réseau routier* (avec, en annexe, le Règlement n° 1 sur
les crédits de développement, tel qu'il a été modifié).
Signé à Washington, le 5 février 1968

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 20 novembre 1968.

No. 9307. DEVELOPMENT CREDIT AGREEMENT ¹ (*HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF MALAWI AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 5 FEBRUARY 1968

AGREEMENT, dated February 5, 1968, between the 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 reconstruction of the highway more particularly described in the Schedule to this Agreement, and the Association is willing to make a development credit to the Borrower for the said purpose and for the related study and services referred to in the said Schedule, on the terms and conditions hereinafter in this Agreement set forth ;

WHEREAS by a development credit agreement dated October 4, 1966 ², between the Borrower and the Association, the Association granted to the Borrower a development credit in various currencies equivalent to four hundred and ninety thousand dollars (\$ 490,000) (hereinafter called the First Development Credit) to assist in financing the detailed engineering and related studies of certain highways of the Borrower including the above-mentioned highway ; and

WHEREAS the Association is prepared to refund the First Development Credit out of the proceeds of the development credit provided for herein ;

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,

¹ Came into force on 15 March 1968, upon notification by the Association to the Government of Malawi.

² United Nations, *Treaty Series*, Vol. 584, p. 215.

1961 as amended February 9, 1967¹ (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

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 eleven million five hundred thousand dollars (\$ 11,500,000).

Section 2.02. The Association shall open a Credit Account 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. (a) The Association shall withdraw from the Credit Account and pay to itself, on behalf of the Borrower, the amount required to refund the principal amount withdrawn and outstanding together with the accrued service charge thereon of the First Development Credit on the Effective Date of this Agreement. Any amount remaining unwithdrawn in the First Development Credit shall automatically be cancelled on the same date.

(b) Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled to withdraw from the Credit Account :

- (i) the equivalent of a percentage or percentages as may be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out Part I of the Project ;
 - (ii) such amounts as shall have been expended for the foreign currency cost of the services required to carry out Parts II and III of the Project ; and
 - (iii) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing subsection (ii) ;
- provided, however, that no withdrawals shall be made on account of expenditures made prior to December 1, 1967.

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.

¹ See p. 132 of this volume.

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 April 1, 1978 and ending October 1, 2017, each installment to and including the installment payable on October 1, 1987 to be one half of one per cent ($1/2$ of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\ 1/2$ %) of such principal amount.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for purposes of Section 3.02 of the Regulations.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in the Schedule to this Agreement. The specific allocation of the proceeds of the Credit, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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 territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, administrative, and financial practices and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) Except as the Association shall otherwise agree, the highway referred to in Part I of the Schedule to this Agreement shall be constructed by contractors satisfactory to the Borrower and the Association, employed under contracts satisfactory to the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of Parts II and III of the Project, employ consultants