

No. 9624

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CEYLON**

**Development Credit Agreement—*Highway Project* (with
annexed Credit Regulations No. 1, as amended). Signed
at Washington on 12 November 1968**

Authentic text: English.

Registered by the International Development Association on 11 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CEYLAN**

**Contrat de crédit de développement — *Projet relatif aux
routes* (avec, en annexe, le Règlement n° 1 sur les
crédits de développement, tel qu'il a été modifié).
Signé à Washington le 12 novembre 1968**

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 11 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated November 12, 1968, between the GOVERNMENT OF CEYLON (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit to it in an aggregate principal amount equivalent to \$4,900,000 to assist the Borrower in financing the Project described in Schedule 1 to this Development Credit Agreement;

(B) the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional assistance towards financing the Project;

(C) by an agreement of even date herewith between the Bank and the Borrower, the Bank is agreeing to provide such assistance (hereinafter called the Loan)² in an aggregate principal amount equivalent to \$4,900,000; and

WHEREAS the Association has agreed, on the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth;

Now therefore the parties hereto hereby agree as follows:

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967³ (said Development Credit Regulations No. 1 being hereinafter called the Credit Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 12 February 1969, upon notification by the Association to the Government of Ceylon.

² See p. 49 of this volume.

³ See p. 110 of this volume.

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 million nine hundred thousand dollars (\$4,900,000).

Section 2.02. (a) 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.

(b) 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 and the Credit Regulations and in accordance with the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Development Credit Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods required for the Project and to be financed under this Development Credit Agreement :

- (i) such amounts as shall have been paid (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Categories A, B, C, D (2), E, and F of the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Development Credit Agreement; and
- (ii) the equivalent of forty per cent (40 %) of such amounts as shall have been paid for expenditures under Category D (1) of said Schedule 2; provided, however, that if there shall be an increase in the estimate of expenditures under such Category D (1), the Association may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Credit then allocated to such Category D (1), and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category D (1).

(b) No withdrawals shall be made on account of :

- (i) expenditures made prior to the date of this Development Credit Agreement; or

- (ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or goods produced in (including services supplied from) such territories.

Section 2.04. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of paragraph (a) of Section 3.02 of the Credit Regulations.

Section 2.05. 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 2.06. Service charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 1 and August 1 commencing February 1, 1979 and ending August 1, 2018, each installment to and including the installment payable on August 1, 1988 to be one-half of one per cent ($\frac{1}{2}$ of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project described in Schedule 1 to this Development Credit Agreement.

Section 3.02. Except as the Association shall otherwise agree :

- (i) the goods, other than services of consultants, to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published in February 1968, (hereinafter referred to as the Guidelines), and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Development Credit Agreement, and as shall be agreed between the Borrower and the Association;
- (ii) contracts for the procurement of all goods to be financed out of the proceeds of the Credit, excepting those procured under paragraph A (4) of Schedule 3 hereto, shall be subject to the approval of the Association.

Section 3.03. Except as 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 administrative, engineering, financial, and highway practices, and shall make available, promptly as needed, all funds, facilities, services, and other resources required for the purpose.

(b) To assist in carrying out each part of the Project described in Schedule 1 hereto, except for Part III (h-s) thereof, the Borrower shall employ or cause to be employed competent and experienced consultants acceptable to the Association, to an extent, and upon such terms and conditions, as shall have been approved by the Association.

(c) The Borrower shall cause the works included in Part III (a-g) of the Project to be carried out by a contractor acceptable to the Association, employed under a contract which shall have been approved by the Association.

(d) The general design standards to be used for the works included in the Project are set out in Schedule 4 hereof, subject to modification by agreement between the Borrower and the Association.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the reports, plans, specifications, contract documents, and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

Section 4.02. (a) The Borrower shall take all necessary steps to introduce and implement as soon as practicable measures designed to ensure that the dimensions and axleloads of vehicles using the roads and bridges included in its public highway system shall not exceed limits consistent with the design standards of such roads and bridges.

(b) The Borrower shall establish and maintain facilities to collect and record, in accordance with sound statistical methods and procedures, such technical, economic and financial information as shall be required for future transport planning and in particular, for the proper planning of maintenance, improvement and extension of the Borrower's public highway system.