No. 9635

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UGANDA

Development Credit Agreement—*Beef Ranching Development Project* (with related letter, annexed Credit Regulations No. 1, as amended, and Project Agreement between the Association and the Uganda Commercial Bank). Signed at Washington on 5 October 1968

Authentic text: English.

Registered by the International Development Association on 17 June 1969.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
OUGANDA

Contrat de crédit de développement — *Projet relatif au développement de l'élevage des bovins* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié, et le Contrat relatif au projet entre l'Association et l'Uganda Commercial Bank). Signé à Washington le 5 octobre 1968

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 17 juin 1969.

DEVELOPMENT CREDIT AGREEMENT[1]

AGREEMENT, dated October 5, 1968, between REPUBLIC OF UGANDA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; SPECIAL 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 as amended February 9, 1967,[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*) Section 6.02 is amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement ".

(*b*) The following subparagraph is added to Section 9.01: " 13. The term ' Project Agreement ' shall have the meaning set forth in the Development Credit Agreement."

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Development Credit Agreement have the following meanings:

(*a*) The term " Participating Banks " means Barclays Bank D.C.O., Barclays Overseas Development Corporation Limited, National and Grindlays Bank, National and Grindlays Finance and Development Corporation Limited, Standard Bank Limited, Standard Bank Finance and Development Corporation Limited, or any other financing institutions which may be agreed between the Borrower and the Association.

[1] Came into force on 21 January 1969, upon notification by the Association to the Government of Uganda.

[2] See p. 224 of this volume.

(*b*) The term " UCB " means the Uganda Commercial Bank established under The Uganda Commercial Bank Act, 1965 of the Borrower.

(*c*) The term " Project Committee " means the committee established by the Borrower as described in Letter Number FC 76/64 Paragraph 3 dated September 7, 1968.

(*d*) The term " Project Agreement " means the agreement of even date herewith [1] between the Association and the UCB, as the same may be amended or supplemented from time to time by agreement among the Borrower, Association and the UCB.

(*e*) The term " Subsidiary Loan Agreement " means the agreement to be entered into between the Borrower and the UCB referred to in Section 4.01 (*b*) of this Agreement, on terms and conditions satisfactory to the Association, as the same may be amended or supplemented from time to time with the approval of the Association.

(*f*) The term " Administration Agreements " means the agreements to be entered into between the UCB and the Participating Banks referred to in Section 2.02 (*b*) of the Project Agreement, on terms and conditions satisfactory to the Association, as the same may be amended or supplemented from time to time with the approval of the Borrower and the Association.

(*g*) The term " Ranching Enterprises " means any ranching enterprises to which the UCB shall, pursuant to the Subsidiary Loan Agreement, make available or agree to make available any portion of the proceeds of the Credit for carrying out part A of the Project.

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 three million dollars ($3,000,000).

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, the Development Credit Agreement.

[1] See p. 224 of this volume.

Section 2.03. Except as the Borrower and the Association shall otherwise agree:

(*a*) The Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account:

(i) such amounts as shall have been expended for the reasonable foreign exchange cost of the goods required to carry out part B of the Project;

(ii) the equivalent of 75%, or of such other 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 disbursed by the UCB or by the Participating Banks under the ranch development loans described in part A of the Schedule to this Agreement; provided, however, that where the aggregate amount of any such loan or loans to a Ranching Enterprise, except the Uganda Livestock Industries Limited, is one hundred thousand dollars ($100,000) equivalent or more, no withdrawals shall be made with respect to such loan unless such loan shall have been approved by the Association; and

(*iii*) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing subsection (i).

(*b*) No withdrawals from the Credit Account shall be made on account of expenditures made or ranch development loans disbursed by the UCB or by the Participating Banks for such expenditures prior to the date of this Agreement.

Section 2.04. The currency of the United States of America is hereby specified for the purposes of Section 3.02 of the Regulations.

Section 2.05. 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 2.06. Service charges shall be paid semi-annually on March 15 and September 15 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 March 15 and September 15 commencing September 15, 1978 and ending March 15, 2018, each installment to and including the installment payable on March 15, 1988, 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 the goods required to carry out 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 Association and the Borrower, subject to modification by further agreement between them.

Section 3.02. 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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, administrative, economic and financial practices and shall at all times make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(*b*) The Borrower shall enter into the Subsidiary Loan Agreement for the purposes of providing to the UCB the equivalent of the part of the proceeds of the Credit to be withdrawn pursuant to Section 2.03 (*a*) (ii) of this Agreement. The Borrower shall exercise its rights in relation to the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association. Except as the Borrower and the Association shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

(*c*) The operating policies and procedures for the carrying out of the Project shall be agreed upon from time to time between the Borrower and the Association.

Section 4.02. The Borrower shall: (i) maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project