No. 9652

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UNITED REPUBLIC of TANZANIA

Development Credit Agreement—*Beef Ranching Developing Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington on 31 October 1968

Authentic text: English.

Registered by the International Development Association on 23 June 1969.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
RÉPUBLIQUE-UNIE DE TANZANIE

Contrat de crédit de développement — *Projet relatif au développement de stations d'élevage des bovins* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 31 octobre 1968

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 23 juin 1969.

DEVELOPMENT CREDIT AGREEMENT[1]

AGREEMENT, dated October 31, 1968, between UNITED REPUBLIC OF TANZANIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the National Development Corporation (hereinafter called NDC) has been established by the National Development Corporation Act, 1962, of the Borrower for the purpose of facilitating and promoting the economic development of the Borrower, and for facilitating and promoting the participation of other persons and bodies in the said economic development;

WHEREAS the National Agricultural Company, Ltd. (hereinafter called NACO) a subsidiary company of NDC duly organized under the laws of the Borrower, has been established for the purpose of promoting agricultural development;

WHEREAS the Borrower has requested the Association to assist in the financing of a beef ranching development project described in Schedule 2 to this Agreement;

WHEREAS the Borrower will make available to NDC the proceeds of the credit provided for herein pursuant to a loan agreement to be entered into between the Borrower and NDC;

WHEREAS NDC has in turn undertaken to relend the proceeds of the said credit to NACO for the purposes of financing the said beef ranching development project, pursuant to a loan agreement to be entered into between NDC and NACO; and

WHEREAS the Association has agreed to make a credit to the Borrower for the said project upon the terms and conditions set forth herein and in a project agreement of even date herewith between the Association, NDC and NACO;

NOW THEREFORE the parties hereby agree as follows:

[1] Came into force on 15 January 1969, upon notification by the Association to the Government of the United Republic of Tanzania.

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, [1] 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 any party under the Project Agreement " after the words " the Development Credit Agreement ".

(*b*) The following sub-paragraph 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 shall have the following meanings:

(*a*) The term " Project Agreement " means the agreement of even date herewith between the Association, NDC and NACO, as the same may be amended or supplemented from time to time by agreement between the Borrower, the Association, NDC and NACO.

(*b*) The term " First Subsidiary Loan Agreement " means the agreement to be entered into between the Borrower and NDC referred to in Section 4.02 (*a*) of this Agreement, as the same may be amended or supplemented from time to time with the approval of the Association.

(*c*) The term " First Subsidiary Loan " means the loan provided for in the First Subsidiary Loan Agreement.

(*d*) The term " Second Subsidiary Loan Agreement " means the agreement to be entered into between NDC and NACO, referred to in Section 4.02 (*c*) of this Agreement, as the same may be amended or supplemented from time to time with the approval of the Association.

(*e*) The term " Second Subsidiary Loan " means the loan provided for in the Second Subsidiary Loan Agreement.

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[1] See p. 374 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 one million three hundred thousand dollars ($1,300,000).

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 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 Agreement and the Regulations and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this 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 the equivalent of sixty-five per cent (65%) of such amounts as shall have been paid by NACO for expenditures under Category A and under Category B of said Schedule 1; provided, however, that if there shall be an increase in the estimate of such expenditures under either of such Categories, the Association may by notice to the Borrower adjust the above percentage in respect of the Category showing the increase as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

(*b*) Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals shall be made on account of:

(i) expenditures made prior to the date of this Agreement, and

(ii) expenditures on any ranch included in the Project, unless satisfactory evidence shall have been furnished to the Association of the grant by the Borrower to NACO of appropriate rights of user in respect of the whole parcel of land on which such ranch is situated.

Section 2.04. 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 2.05. Service charges shall be paid semi-annually on March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing September 1, 1978 and ending March 1, 2018 each installment to and including the installment payable on March 1, 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.

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

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 Agreement exclusively to expenditures on the Project described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the fencing wire and water piping to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding as set forth in the *Guidelines Relating to Procurement under World Bank Loans and IDA Credits* published by the Association in February 1968, and in accordance with such other procedures supplemental thereto as shall be agreed between the Association and the Borrower, and (ii) any contract for the procurement of such goods shall be subject to the approval of the Association.

Section 3.03. 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 carrying out the Project.