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No. 7849

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MAURITANIA

Development Credit Agreement — *Road Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 28 December 1964

Official text: English.

Registered by the International Development Association on 1 July 1965.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
MAURITANIE

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 28 décembre 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 1er juillet 1965.

No. 7849. DEVELOPMENT CREDIT AGREEMENT[1] (*ROAD PROJECT*) BETWEEN THE ISLAMIC REPUBLIC OF MAURITANIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 28 DECEMBER 1964

AGREEMENT, dated December 28, 1964, between the ISLAMIC REPUBLIC OF MAURITANIA (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 $6,700,000 to assist the Borrower in financing the engineering and construction of a road between Nouakchott and Rosso and a study of the road maintenance requirements of the Borrower ;

(B) the Borrower has also requested the European Economic Community through its Commission as Administrator of the European Development Fund (hereinafter called FED) to assist in the financing of such construction ;

(C) FED and the Borrower intend to enter into an agreement (*Convention de Financement*) providing for such financing in the form of a grant in an amount equivalent to $3,220,000 ;

(D) the Borrower, the Association and FED intend to enter into an Administration Agreement (the Administration Agreement) providing for the processing by the Association of applications for withdrawal of the proceeds of the financing to be provided jointly by the Association and FED for such construction and regulating certain other matters of common interest ; and

(E) the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the further terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed 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 3 March 1965, upon notification by the Association to the Government of Mauritania.

1961,[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 3.01 is deleted and the following new section is substituted therefor :

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 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. "

(*b*) A new Section 3.04 is inserted immediately after Section 3.03 as follows :

" SECTION 3.04. *Purchase of Currency of Withdraval 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 purpose of Section 3.03. "

(*c*) Section 3.04 is renumbered as Section 3.05.

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 and in the Administration Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million seven hundred thousand dollars ($6,700,000).

[1] See p. 182 of this volume.

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.

Section 2.03. Subject to the provisions of, and to the rights of cancellation and suspension set forth in, this Development Credit Agreement, the amount of the Credit may be withdrawn from the Credit Account as follows :

(*a*) For carrying out Part A and Part B of the Project, the Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been expended for the reasonable cost of goods required for carrying out such Parts A and B, and, if the Association shall so agree, such amounts as shall be required to meet payments for the foregoing, provided, however, that except as the Association shall otherwise agree, no withdrawals shall be made on account of (i) expenditures for such Part A made prior to January 1, 1965, or (ii) expenditures for such Part B prior to the fulfillment of the conditions set forth in Section 3.03 of this Agreement ; and

(*b*) For carrying out Part C of the Project, the Borrower shall be entitled, subject to the provisions of Section 3.03 hereof, to withdraw from the Credit Account amounts equivalent to a percentage of expenditures for such Part C, as provided in, and subject to the terms and conditions set forth in, the Administration Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge of 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 payable semiannually on June 1 and December 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semiannual instalments payable on each June 1 and December 1 commencing June 1, 1975 and ending December 1, 2014, each instalment to and including the instalment payable on December 1, 1984 to be one-half of one per cent (½ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent (1 ½ %) 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 goods required to carry out the Project, as described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods 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 exclusively in the carrying out of the Project.

Section 3.03. No proceeds of the Credit shall be withdrawn from the Credit Account on account of expenditures for any goods required to carry out Part B or Part C of the Project unless and until

(*a*) the Borrower and FED shall have entered into the agreement referred to in recital (C) of the preamble to this Agreement,

(*b*) the Borrower, FED and the Association shall have entered into the agreement referred to in recital (D) of the preamble to this Agreement, and

(*c*) evidence satisfactory to the Association shall have been submitted to the Association that the execution and delivery of each of such agreements on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action and that each constitutes a valid and binding obligation of the Borrower in accordance with its terms.

Section 3.04. In the event that the conditions precedent to disbursement set forth in Section 3.03 above shall not have been fulfilled prior to July 1, 1965, or to such other date as shall be agreed by the Association, the Association may at any time thereafter as its option cancel such amount of the Credit as shall not have been withdrawn from the Credit Account on the date of the exercise of such option by the Association, by notice to the Borrower. Upon the giving of such notice, such amount of the Credit shall be cancelled.

Article IV

Particular Covenants

Section 4.01. (*a*) The Borrower shall carry out or cause the Project to be carried out with due diligence and efficiency and in conformity with sound highway-engineering and financial practices.

(*b*) Except as the Association shall otherwise agree, the Borrower shall, in carrying out the Project, employ or cause to be employed engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Association.

(*c*) Except as the Association shall otherwise agree, the road included in the Project shall be constructed by contractors satisfactory to the Borrower and the Association, employed under contracts satisfactory to the Borrower and the Association.