

No. 8277

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BURUNDI**

Development Credit Agreement—*Bujumbura Water Supply Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Régie de distribution d'eau et d'électricité). Signed at Washington, on 31 March 1966

Official text: English.

Registered by the International Development Association on 21 July 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
BURUNDI**

Contrat de crédit de développement — *Projet d'adduction d'eau pour la ville de Bujumbura* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Régie de distribution d'eau et d'électricité). Signé à Washington, le 31 mars 1966

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 21 juillet 1966.

No. 8277. DEVELOPMENT CREDIT AGREEMENT¹ (*BUJUMBURA WATER SUPPLY PROJECT*) BETWEEN THE KINGDOM OF BURUNDI AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 31 MARCH 1966

AGREEMENT, dated March 31, 1966, between KINGDOM OF BURUNDI (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in financing part of the costs of improving the water supply system of Bujumbura; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date herewith² between Régie de Distribution d'Eau et d'Électricité, the Borrower's water and electricity authority, and the Association;

NOW THEREFORE the parties hereto hereby agree as follows :

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, 1961,² 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) The second sentence of Section 2.02 is amended by deleting the words "at the same rate" and substituting therefor the words "at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum."

(b) 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

¹ Came into force on 28 June 1966, upon notification by the Association to the Government of Burundi.

² See p. 24 of this volume.

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. ”

(c) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal 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 purposes of Section 3.03. ”

(d) Section 3.04 is renumbered as Section 3.05.

(e) The words “ or the Project Agreement ” are inserted in Section 6.02 after the words “ the Development Credit Agreement. ”

(f) Section 8.04 is deleted.

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

(a) The term “ Regideso ” means Régie de Distribution d'Eau et d'Électricité, the Borrower's water and electricity authority, and includes any successor to Regideso designated in accordance with the laws of the Borrower;

(b) The term “ Project Agreement ” means the project agreement of even date herewith between Regideso and the Association, and includes any amendments thereof made by agreement between the Association and Regideso;

(c) The term “ Charter ” means Legislative Ordinance No. B/113 (as amended) of the Borrower dated June 22, 1962, establishing Regideso, and includes any amendments or modifications thereof;

(d) The term “ Subsidiary Loan Agreement ” means the loan agreement (*Contrat de Prêt*) dated February 25, 1966 between the Borrower and Regideso;

- (e) The term “subsidiary” means any company or entity of which a majority of the outstanding voting stock is owned, or which is effectively controlled, by Regideso or by any one or more subsidiaries of Regideso or by Regideso and one or more of its subsidiaries.

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 and one hundred thousand dollars (\$1,100,000).

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. 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. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Development Credit Agreement, to withdraw from the Credit Account :

(a) such amounts as shall have been expended for the reasonable cost of goods to be financed out of the proceeds of the Credit; and

(b) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

Section 2.04. 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 2.05. Service charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semiannual instalments payable on each February 1 and August 1 commencing August 1, 1976 and ending February 1, 2016, each instalment to and including the instalment payable on February 1, 1986 to be one-half of one per cent of such principal amount, and each instalment thereafter to be one and one-half per cent of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall relend the proceeds of the Credit to Regideso pursuant to the Subsidiary Loan Agreement. The proceeds of the

Credit shall be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1 to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the method and procedures for procurement of such goods shall be determined by agreement between Regideso and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall take or cause to be taken all action which shall be necessary to enable Regideso to perform all its obligations under the Project Agreement and shall not take, cause or permit to be taken, any action that would interfere with the performance of such obligations by Regideso.

(b) Without any limitation upon the foregoing paragraph of this Section, the Borrower covenants that, except as the Borrower and the Association shall otherwise agree, it will from time to time grant and maintain, or cause to be granted and maintained, water and power rates at such levels as may be necessary to provide revenues sufficient to allow each of Regideso's Departments independently : (i) to cover operating expenses, including taxes, if any, and interest and to provide for adequate maintenance and depreciation based on realistic valuations of assets; (ii) to meet repayments on indebtedness to the extent that any such repayments exceed provision for depreciation; and (iii) to finance the normal year to year extensions and to provide a reasonable part of the cost of future major expansion. For the purposes of this paragraph, the term "indebtedness" shall mean debt maturing by its terms more than one year after the date on which it is originally incurred.

Section 4.02. (a) The Borrower shall, whenever there is reasonable cause to believe that the funds available to Regideso will be inadequate to meet the estimated expenditures required for carrying out the Project, promptly make arrangements, on terms and conditions satisfactory to the Association, to provide Regideso with such funds as are needed to meet such expenditures.

(b) The Borrower shall take, or cause to be taken, promptly as needed, all steps necessary to enable Regideso to acquire and retain such land, interests in land and properties as may be necessary or proper for the carrying out of the Project.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the