

No. 9308

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MALAWI

Development Credit Agreement—*Lilongwe Agricultural Development Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington, on 5 February 1968

Official text: English.

Registered by the International Development Association on 20 November 1968.

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
MALAWI

Contrat de crédit de développement — *Projet relatif au développement agricole de Lilongwe* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington, le 5 février 1968

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 20 novembre 1968.

No. 9308. DEVELOPMENT CREDIT AGREEMENT ¹ (*LILONGWE AGRICULTURAL DEVELOPMENT PROJECT*)
BETWEEN THE REPUBLIC OF MALAWI AND THE
INTERNATIONAL DEVELOPMENT ASSOCIATION.
SIGNED AT WASHINGTON, ON 5 FEBRUARY 1968

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

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, 1961 as amended February 9, 1967 ² (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

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

- (a) "FMB" means the Farmers Marketing Board of the Borrower, established under the Farmers Marketing Ordinance, as amended in 1963.
- (b) "Subsidiary Loan Agreement" means the loan agreement between the Borrower and FMB, referred to in Section 4.02 of this Agreement.
- (c) "Program Area" means the area of Lilongwe Plain covering approximately 500,000 acres in the Central Region of the Borrower as defined in Government Notice No. 250 of December 6, 1967.
- (d) "Project period" means the period during which the proceeds of the Credit will be disbursed.

¹ Came into force on 15 March 1968, upon notification by the Association to the Government of Malawi.

² See p. 152 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 six million dollars (\$ 6,000,000).

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, this Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled to withdraw from the Credit Account:

- (a) such amounts as shall have been expended for the reasonable foreign currency cost of the goods required to carry out the Project ;
 - (b) the equivalent of a 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 expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing sub-section (a) ; and
 - (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing sub-section (a) ;
- provided, however, that no withdrawals shall be made on account of expenditures made prior to the date of this Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at 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 semi-annually on April 1 and October 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing April 1, 1978 and ending October 1, 2017, each installment to and including the installment payable on October 1, 1987 to be one-half of one per cent ($1/2$ of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\ 1/2$ %) of such principal amount.

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

Article III

USE OF THE 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 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 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 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, or cause the Project to be carried out, with due diligence and efficiency and in conformity with sound administrative, agricultural, engineering, and financial practices, and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) Except as the Association shall otherwise agree, the construction works for the Project shall be carried out by contractors satisfactory to the Borrower and the Association and employed under contracts satisfactory to the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ qualified and experienced staff.

(d) During the Project period, the Borrower shall obtain prior agreement of the Association with respect to any appointment to the posts of Program Manager, Deputy Program Manager and Assistant Program Manager.

(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 relend a part of the proceeds of the Credit, or the equivalent of such proceeds, to FMB on terms and condi-

tions satisfactory to the Association pursuant to a loan agreement satisfactory to the Association.

(b) The Borrower shall exercise its right under the loan agreement referred to in the foregoing sub-section (a) in such manner as to protect the interest of the Borrower and the Association ; and, except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of such loan agreement.

Section 4.03. The Borrower shall 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 and to record the progress of the Project (including the cost thereof) and shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods to be financed out of the proceeds of the Credit, and the operations with respect to the Project of FMB and of the Ministries of the Borrower responsible for carrying out the Project.

Section 4.04. (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 Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.05. The Borrower shall establish and maintain separate accounts for the Project and shall cause such accounts and the accounts of FMB relating to the Project to be audited at least once a year by an independent auditor acceptable to the Association, and, unless the Association shall otherwise agree, not later than four months after the end of the Borro-