No. 9622

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CEYLON

Development Credit Agreement—*Lift Irrigation Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington on 19 June 1968

Authentic text: English.

Registered by the International Development Association on 11 June 1969.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
CEYLAN

Contrat de crédit de développement — *Projet d'irrigation par pompage* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 19 juin 1968

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 11 juin 1969.

DEVELOPMENT CREDIT AGREEMENT[1]

AGREEMENT, dated June 19, 1968, between the GOVERNMENT OF CEYLON (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 term "Project Area", wherever used in the Development Credit Agreement means: The areas of the Colonisation Schemes of Vavunikulam, Mahakanadarawa, Rajangana and in the Polonnaruwa District and the proposed Youth Settlement Schemes in the Polonnaruwa District as of January 1, 1968.

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 two million dollars ($2,000,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.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] Came into force on 5 August 1968, upon notification by the Association to the Government of Ceylon.
[2] See p. 46 of this volume.

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 January 15 and July 15 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 January 15 and July 15 commencing July 15, 1978 and ending January 15, 2018, each installment to and including the installment payable on January 15, 1988 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 the 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 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*) The Borrower shall, in the carrying out of the Project, employ qualified and experienced staff.

(*c*) 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. 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 the Ministries of the Borrower responsible for carrying out 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 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