No. 9671

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
MADAGASCAR

Development Credit Agreement—*Second Highway Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington on 12 November 1968

Authentic text: English.

Registered by the International Development Association on 26 June 1969.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
MADAGASCAR

Contrat de crédit de développement — *Deuxième projet relatif au réseau routier* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 12 novembre 1968

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 26 juin 1969.

DEVELOPMENT CREDIT AGREEMENT [1]

AGREEMENT, dated November 12, 1968, between the MALAGASY REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association and International Bank for Reconstruction and Development (hereinafter called the Bank) to assist in the financing of a highway project as described in Schedule 1 to this Agreement (hereinafter called the Project);

WHEREAS the Association and the Bank have agreed to make available to the Borrower eight million dollars ($ 8,000,000) to assist in such financing in the form of a credit of four million five hundred thousand dollars ($ 4,500,000) granted by the Association and a loan of three million five hundred thousand dollars ($ 3,500,000) made by the Bank (hereinafter called the Loan), on the terms and conditions set forth hereinafter and in the loan agreement [2] between the Borrower and the Bank of even date herewith (hereinafter called the Loan Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967 [3] (said Development Credit Regulations No. 1 being hereinafter called the Credit Regulations), with the same force and effect as if they were fully set forth herein.

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 four million five hundred thousand dollars ($ 4,500,000).

[1] Came into force on 1 April 1969, upon notification by the Association to the Government of Madagascar.

[2] See p. 19 of this volume.

[3] See p. 60 of this volume.

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 Credit 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 Development Credit Agreement and the Credit Regulations and in accordance with the Allocation of Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Development Credit 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 carrying out the Project and to be financed under this Development Credit Agreement the equivalent of seventy per cent (70 %) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for expenditures under Categories 1 and 2 of said Schedule 2, provided, however, that if there shall be an increase in the estimate of expenditures under either such Category, the Association may by notice to the Borrower adjust the above percentage 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 Development Credit Agreement; or

(ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. The currency of the United States of America is hereby specified for the purposes of paragraph (*a*) of Section 3.02 of the Credit Regulations.

Section 2.05. 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 of the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annually installments payable on each April 15 and October 15 commencing October 15, 1978 and ending April 15, 2018, each installment to and including the installment payable on April 15, 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 (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 in accordance with the provisions of this Development Credit Agreement to expenditures required to carry out the Project, described in Schedule 1 to this Development Credit Agreement.

Section 3.02. Except as the Association shall otherwise agree, the goods to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits,* published by the Bank in February 1968, and as shall be agreed between the Borrower and 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 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 engineering, administrative and financial practices, and shall make available, promptly as needed, all funds, facilities, services, and other resources required for the purpose.

(*b*) To assist in carrying out the Project, the Borrower shall employ or cause to be employed competent and experienced consultants acceptable to the Association, to an extent, and upon such terms and conditions as shall have been approved by the Association.

(*c*) The Borrower shall cause Parts I and II of the Project, as described in Schedule 1 to this Development Credit Agreement, to be carried out by contractors acceptable to the Association, employed under contracts which shall have been approved by the Association.

(*d*) The supervision of the carrying out of Parts I (*b*) and II of the Project shall be performed by competent and experienced consultants employed in accordance with paragraph (*b*) of this Section and that of Part I (*a*) of the Project shall be performed by the Borrower's Ministry of Equipment (Service Central Technique), provided, however, that if the Association shall decide that this task exceeds the powers of said Ministry, such supervision shall be performed by consultants employed pursuant to paragraph (*b*) above.

(*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.

(*f*) The general design standards to be applied to the Project shall be as determined from time to time by agreement between the Borrower and the Association.

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, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting practices, the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; 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 expenditures of the proceeds of the Credit, the Project, the goods to be financed out of the proceeds of the Credit, and the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.03. (*a*) The Borrower shall at all times adequately maintain and repair or cause to be adequately maintained and repaired its highway system, in accordance with sound engineering standards and with due regard to financial and economic requirements.

(*b*) The Borrower shall take such steps as shall be reasonably required to ensure that the dimensions and axleloads of vehicles using its highway system shall be consistent with the structural and geometric design standards of the roads used.