

1593
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
n° 1 sur les crédits de développement). Signé à
Washington, le 28 décembre 1964**

Texte officiel anglais.

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

No. 7849. DEVELOPMENT CREDIT AGREEMENT¹ (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 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 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 ($\frac{3}{4}$ 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 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 ($\frac{1}{2}$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) 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.

(d) The general design standards to be used for the road included in the Project shall be as determined from time to time by agreement between the Borrower and the Association.

(c) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(f) The Borrower shall at all times make available, promptly as needed, all funds and other resources which shall be required for the carrying out of the Project.

(g) The Borrower shall cause the road included in the Project to be adequately maintained, shall cause all necessary repairs thereof to be made promptly, all in accordance with sound highway-engineering standards and, to that end, shall at all times make available promptly as needed all funds and other resources which shall be required therefor.

(h) 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 and for the maintenance of the roads of the Borrower ; 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 and the operations, administration and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof and for the maintenance of the roads of the Borrower.

Section 4.02. (a) The Borrower and the Association shall cooperate fully to ensure 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, the maintenance of the service thereof and the operations,

administration and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof and for the maintenance of the roads of the Borrower.

(c) 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.

(d) 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 4.03. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.04. This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 4.05. The Borrower shall take such steps as shall be necessary or useful to ensure a progressive improvement in the maintenance of its roads in accordance with sound highway-engineering standards, including without limitation,

(a) the regular provision of adequate funds for such maintenance, through the Road Fund administered by the National Office of Public Transport and through other appropriate agencies ;

(b) the periodic review of the technical, financial and administrative requirements for such maintenance ; and

(c) such other steps as shall be agreed from time to time between the Borrower and the Association.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) of Section 5.02 of this Agreement or in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in paragraph (b) of Section 5.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal

of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. The following are specified as additional events for the purpose of Section 5.02 (j) of the Regulations :

(a) The right of the Borrower to utilize the funds of the FED under the agreement referred to in recital (C) of the preamble to this Agreement shall have been suspended or terminated.

(b) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the Administration Agreement.

(c) The Borrower shall have failed to pay to the contractor selected to carry out Part C of the Project, toward its mobilization expenses, an amount equivalent to one hundred thousand dollars, within six months following the date of the contract between the Borrower and such contractor, as a contribution of the Borrower to the financing of the Project.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be July 1, 1969 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Minister of Finance
Ministry of Finance
Nouakchott, Mauritania

Alternative address for cables and radiograms :

Ministre Finances
Nouakchott, Mauritania

For the Association :

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables and radiograms :

Indevas
Washington, D.C.

Section 6.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

Section 6.04. The Minister of Finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Islamic Republic of Mauritania :

By Ahmed-Baba MISKE

Authorized Representative

International Development Association :

By J. Burke KNAPP

Vice President

SCHEDULE

DESCRIPTION OF THE PROJECT

The Project comprises the following :

Part A

Final design, specifications, bidding and contract documents and analysis of bids, by a firm of consulting engineers, for the construction of an all-weather road about 200 km. long between Nouakchott and Rosso ;

Part B

Supervision of the construction of such road and a study of general maintenance requirements for the roads of the Borrower by such consulting engineers ;

Part C

The construction of the road described in Part A above.

* * *

The Project is expected to be completed within three and one-half years from the start of Part A, scheduled for February, 1965.

LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

AMBASSADE DE LA RÉPUBLIQUE ISLAMIQUE DE MAURITANIE
WASHINGTON, D. C.

December 28, 1964

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433

Credit No. 69 MAU (Road Project) ; Currency of Repayment

Gentlemen :

We refer to the Development Credit Agreement (*Road Project*) of even date between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United States of America.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) or than one theretofore designated pursuant to this clause (ii) or selected pursuant to clause (iv), we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of the letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice, we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.
- (v) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Islamic Republic of Mauritania :

By Ahmed-Baba MISKE
Authorized Representative

Confirmed :

International Development
Association :

By P. MOUSSA

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1,
DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]