

No. 8604

---

INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
MALI

Development Credit Agreement — *Railway Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Régie du chemin de fer du Mali). Signed at Washington, on 29 September 1966

*Official text: English.*

*Registered by the International Development Association on 10 April 1967.*

---

ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
MALI

Contrat de crédit de développement — *Projet relatif aux chemins de fer* (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 du chemin de fer du Mali). Signé à Washington, le 29 septembre 1966

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 10 avril 1967.*

No. 8604. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*RAILWAY PROJECT*) BETWEEN MALI AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 29 SEPTEMBER 1966

---

AGREEMENT, dated September 29, 1966, between REPUBLIC OF MALI (hereinafter called the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Régie du Chemin de Fer du Mali (hereinafter called the Régie), an agency of the Borrower, have requested the Association to assist in financing part of a program for the rehabilitation and modernization of the railways of the Borrower (hereinafter called the Rehabilitation Program) ;

WHEREAS the Régie will, with the Borrower's assistance, carry out such Rehabilitation Program and the Borrower will as part of such assistance make available to the Régie the proceeds of the development credit provided for herein ;

WHEREAS by an agreement of even date herewith (hereinafter called the Senegal Development Credit Agreement),<sup>2</sup> between the Republic of Senegal and the Association, the Association has agreed to make a development credit to the Republic of Senegal to assist in financing part of the Second Four-Year Investment Plan, 1965/1966-1968/1969 of the Régie des Chemins de Fer du Sénégal ;

WHEREAS the Rehabilitation Program and the Second Four-Year Investment Plan, 1965/1966-1968/1969 of the Régie des Chemins de Fer du Sénégal will be carried out simultaneously in view of the complementary nature of the Mali and Senegal railway systems ;

WHEREAS the Association is willing on the basis of the foregoing, to make a development credit available on the terms and conditions provided herein and in a project agreement<sup>3</sup> of even date herewith between the Régie and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

---

<sup>1</sup> Came into force on 25 January 1967, upon notification by the Association to the Government of Mali

<sup>2</sup> See p. 277 of this volume.

<sup>3</sup> See p. 214 of this volume.

*Article I*

## CREDIT REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to the Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,<sup>1</sup> 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 percent ( $\frac{1}{2}$  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 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 the 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 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 re-numbered Section 3.05.

<sup>1</sup> See p. 214 of this volume.

(e) The first sentence of Section 4.01 is deleted.

(f) The words "or the Project Agreement" are inserted in Section 6.02 after the words "the Development Credit Agreement".

(g) Section 8.04 is deleted.

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

(a) the term "Project Agreement" means the agreement of even date herewith between the Association and the Régie ;

(b) the term "Subsidiary Loan Agreement" means the loan agreement between the Borrower and the Régie referred to in Section 4.02 of this Agreement ;

(c) the term "Railways" means the railways owned, operated or administered by the Régie and includes all railway property, equipment and materials owned, operated or administered by the Régie ;

(d) the term "International Traffic Agreement" means the agreement dated June 8, 1963, between the Borrower and the Republic of Senegal relating to international railway traffic, as the same may from time to time be amended by agreement of the parties thereto ;

(e) the term "Customs Agreement" means the *Accord douanier* dated June 8, 1963, between the Borrower and the Republic of Senegal, as the same may from time to time be amended by agreement of the parties thereto ;

(f) the term "Railway Convention" means the convention dated June 8, 1963, between the Régie and the Régie des Chemins de Fer du Sénégal, as the same may from time to time be amended by agreement of the parties thereto ; and

(g) the term "Statutes" means the *Ordonnance* No. 62 bis PGP/RM of November 29, 1960, published in the *Journal Officiel* No. 78 of February 23, 1961, of the Borrower, relating to the establishment of the Régie, and includes the Statutes attached as a schedule to such *Ordonnance*.

## 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 nine million one hundred thousand dollars (\$9,100,000).

*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, the Development Credit Agreement.

*Section 2.03.* Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the 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 by the Borrower to meet payments under the foregoing;

provided, however, that, except as the Association shall otherwise agree, no withdrawals shall be made on account of (i) expenditures prior to January 1, 1965; or (ii) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ( $\frac{3}{4}$  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 semi-annually on January 1 and July 1 in each year.

*Section 2.06.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each January 1 and July 1 commencing January 1, 1977 and ending July 1, 2016, each instalment to and including the instalment payable on July 1, 1986 to be one-half of one percent ( $\frac{1}{2}$  of 1%) of such principal amount, and each instalment thereafter to be one and one-half percent ( $1\frac{1}{2}$ %) 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. 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, the Association and the Régie, 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.

#### *Article IV*

##### PARTICULAR COVENANTS

*Section 4.01.* The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, railway and financial practices.

*Section 4.02.* The Borrower shall enter into a Subsidiary Loan Agreement with the Régie, satisfactory to the Association, which shall provide for the relending of the proceeds of the Credit or the equivalent thereof by the Borrower to the Régie and shall contain appropriate provisions with respect to the financing and carrying out of the Project and other obligations of the Borrower and the Régie under the Development Credit Agreement and the Project Agreement. Except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

*Section 4.03.* (a) The Borrower shall at all times make available to the Régie, promptly as needed, all funds, facilities, services and other resources which shall be required for the carrying out of the Project.

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

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

*Section 4.06.* The Development Credit Agreement and the Project 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, delivery or registration thereof.

*Section 4.07.* (a) The Borrower shall from time to time take or cause to be taken such steps (including, but without limitation, adjustments in the rates and fares of the Régie) as shall be required to provide the Régie with revenues sufficient, by such date or dates as shall be agreed upon between the Borrower, the Association and the Régie: (i) to ensure a reasonable return on the Régie's net fixed assets, after covering all operating expenses, including adequate maintenance and depreciation; and (ii) to enable the Régie, out of its cash resources, to meet debt interest and amortization, to establish and maintain adequate working capital, and to finance a material part of its capital expenditures.

(b) Without prejudice to the provisions of paragraph (a) of Section 4.03 of this Agreement, the Borrower shall make arrangements, satisfactory to the Association, promptly to provide the Régie or cause the Régie to be provided, during such time as the Régie's revenues shall be insufficient to meet the items in paragraph (a) (ii) of this Section, with funds sufficient to meet such items.

*Section 4.08.* The Borrower shall take or cause the Régie to take such action as shall be reasonable in the circumstances to facilitate railway operations between its territories and the territories of the Republic of Senegal, in accordance with the International Traffic Agreement, the Customs Agreement and the Railway Convention.

#### Article V

#### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified 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 paragraphs (a), (b) or (c) 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 the Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* Pursuant to paragraph (j) of Section 5.02 of the Regulations, the following are specified as additional events for the purposes of said Section :

(a) The Régie shall have failed to perform any of its covenants or agreements under the Project Agreement ;

(b) The International Traffic Agreement, the Customs Agreement, the Railway Convention or the Statutes shall have been amended, suspended, waived, terminated or repealed so as to affect adversely the ability of the Borrower or the Régie to carry out the covenants or agreements set forth in this Agreement or in the Project Agreement ;

(c) Railway traffic between the territories of the Borrower and the territories of the Republic of Senegal shall have been substantially interrupted for other than technical reasons, unless such reasons shall be manifestly beyond the Borrower's control ;

(d) The right of the Republic of Senegal to make withdrawals under the Senegal Development Credit Agreement shall have been suspended or terminated in whole or in part and as a result thereof, it will be improbable that the purpose of the Project will be achieved ; and

(e) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under this Development Credit Agreement or under any other development credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though payment has been made by other persons.

## *Article VI*

### EFFECTIVE DATE ; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) That either concurrently with or prior to the Development Credit Agreement becoming effective, the Project Agreement, the Subsidiary Loan



Agreement and the Senegal Development Credit Agreement shall become or shall have become effective and constitute valid and binding obligations on the respective parties to those agreements in accordance with their respective terms ; and

(b) That arrangements, satisfactory to the Association, shall have been made with respect to the employment by the Régie, of the consultants and technicians referred to in Section 2.03 of the Project Agreement.

*Section 6.02.* The following are specified as additional matters, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

(a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Régie, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that such Project Agreement constitutes a valid and binding obligation of the Régie in accordance with its terms ; and

(b) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, that all acts, consents and approvals necessary therefor have been duly and validly performed or given, and that such Subsidiary Loan Agreement constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

*Section 6.03.* If this Development Credit Agreement shall not have come into force and effect by January 1, 1967, this Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Association shall promptly notify the Borrower and the Régie of such later date.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower under Sections 4.01, 4.02, 4.03, 4.07 and 4.08 of this Agreement shall forthwith terminate.

## *Article VII*

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1970 or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Banque de la République du Mali  
Bamako  
Mali

Alternative address for cables and radiograms :

Banketat  
Bamako

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 7.03.* The Governor of the Banque de la République du Mali is designated for the purposes of Section 7.03 of the Regulations.

*Section 7.04.* The Borrower irrevocably designates the Régie for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.03 of this Agreement and Article IV 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.

Republic of Mali :

*By* L. NEGRE  
Authorized Representative

International Development Association :

*By* George D. WOODS  
President

## SCHEDULE

## DESCRIPTION OF THE PROJECT

The Project consists of the Rehabilitation Program. The purpose of the Project is to rehabilitate and modernize the Railways, to improve their safety and increase their capacity to meet higher levels of traffic and to permit them to operate more efficiently, and to achieve and maintain a sound financial position, taking into account the complementary nature of the Mali and Senegal railway systems. The Project includes .

1. The relaying with 30 kg /m rails of approximately 57 km of the section between Kayes and the Senegal border , the relaying of the Bamako-Koulikoro section (approximately 57 km) with serviceable materials recovered from the Kayes-Senegal border section.
2. The acquisition and operation of 6 main-line locomotives, 3 shunting locomotives, 4 railcars, 10 trailers, 6 gangcars, 6 passenger cars, 2 baggage vans and about 107 freight cars , the construction of a workshop and the acquisition of adequate workshop equipment ; the acquisition of components and spare parts for rolling stock, track spares and maintenance equipment.
3. The renewal of telephone lines on the Diboli-Toukoto (approximately 330 km) and Bamako-Koulikoro (approximately 57 km) sections.
4. The employment of consultants and technicians to assist the Régie in improving its operations and administration

## LETTERS RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

REPUBLIC OF MALI

September 29, 1966

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

Re : *Credit No. 95 MLI (Railway Project)*  
*Currency of Payment*

Gentlemen :

We refer to the Development Credit Agreement (*Railway 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 this 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,

Republic of Mali :

By L. NEGRE  
Authorized Representative

*Confirmed.*

International Development Association

By A. G. EL EMARY  
Director, Africa Department

REPUBLIC OF MALI  
RÉGIE DU CHEMIN DE FER DU MALI  
REPUBLIC OF SENEGAL  
RÉGIE DES CHEMINS DE FER DU SÉNÉGAL

September 29, 1966

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

Re : *Credit No. 95 MLI (Railway Project)*  
*Credit No. 96 SE (Railway Project)*  
*Railway Convention . Tariffs for International Traffic*

Gentlemen :

With reference to the Development Credit Agreements (*Railway Projects*) between the Republic of Mali and the International Development Association <sup>1</sup> (the Association) and between the Republic of Senegal and the Association, <sup>2</sup> as well as to the Project Agreements (*Railway Projects*) between the Association and the Régie du Chemin de Fer du Mali and between the Association and the Régie des Chemins de Fer du Sénégal, all of even date herewith, we wish to inform you of the agreement reached between ourselves with respect to the tariffs applicable to international traffic, and which we hereby confirm as follows :

1. As we informed you during the negotiations, the question of the tariffs applicable to international traffic is dealt with in Article 88 of the Railway Convention dated June 8, 1963 (hereinafter called the Railway Convention) between the Régie du Chemin de Fer du Mali and the Régie des Chemins de Fer du Sénégal (hereinafter collectively called the Régies). Pursuant to such Article 88, the tariffs applicable to international traffic are those set forth in Annex 2 to the Railway Convention. Such tariffs are the same per ton/km and per passenger /km for both Régies and can only be modified by mutual agreement.

2. We agree, however, that :

- (a) tariffs should be established on sound traffic costing principles. To achieve this end, the Régies, pursuant to the recommendations of the Association, will appoint traffic costing consultants and for the sake of uniformity, will appoint the same consultants
- (b) changes in costs applying to the individual items which make up international traffic may occur ; and
- (c) costs may not be the same for both Régies.

As a consequence, the tariffs applicable to international traffic (i) may have to be

<sup>1</sup> See p 188 of this volume

<sup>2</sup> See p 277 of this volume

modified from time to time and (ii) will not necessarily be the same for both Régies.

3. We recognize the importance for the Régies to operate in a sound and efficient manner and to earn adequate rates of return and take note that the above-mentioned Development Credit Agreements and Project Agreements contain covenants to that effect. We also attach great importance to maintaining the tariffs applicable to international traffic at the lowest levels consistent with sound commercial policy. Accordingly, it is our opinion that, in accordance with the provisions of such Development Credit Agreements and Project Agreements, each Régie should at all times take all practicable measures to reduce to a minimum the need to increase the tariffs applicable to international traffic.

4. Should at any time either Régie, on the basis of the findings of the consultants referred to in paragraph 2 above or on the basis of changes in costs, wish to modify any of its tariffs applicable to international traffic, such Régie shall submit the matter to its Government. Such Government shall notify the other Government for the purposes of fixing a meeting date of the Commission Mixte established pursuant to the « Protocole relatif à la Création d'une Commission Mixte » dated June 8, 1963 between the Republic of Mali and the Republic of Senegal. The date of such meeting shall not be later than 60 days after the date of said notification.

5. The Governments may at any time seek the Association's assistance for the purposes of arriving at a decision.

6. If no decision shall have been taken within a period of 90 days after the notification referred to in paragraph 4 above shall have been made, either Régie may submit the matter to arbitration in accordance with the provisions of Chapter XXIV of the Railway Convention, and shall so notify the other Régie; provided, however, that if the Arbitral Tribunal shall not have been constituted within 60 days after the date of such notification, the arbitrator or arbitrators not yet designated shall be designated by the President of the International Railways Federation at the request of either Régie. Prior to rendering its award, the Arbitral Tribunal shall give to the Association the opportunity of expressing its views.

7. Please confirm 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,

Republic of Mali :

By L. NEGRE

Authorized Representative

Régie du Chemin de Fer du Mali ·

By L. NEGRE

Authorized Representative

Republic of Senegal :

By H THIAM

Authorized Representative

Régie des Chemins de Fer du Sénégal :

By Ousmane Socé DIOP

Authorized Representative

*Confirmed* .

International Development Association .

By A. G. EL EMARY  
Director, Africa Department

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.*]

PROJECT AGREEMENT  
(RAILWAY PROJECT)

AGREEMENT, dated September 29, 1966, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and the RÉGIE DU CHEMIN DE FER DU MALI (hereinafter called the Régie).

WHEREAS by a development credit agreement of even date herewith (hereinafter called the Development Credit Agreement)<sup>1</sup> between the Republic of Mali (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to nine million one hundred thousand dollars (\$9,100,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Régie agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth , and

WHEREAS the Régie, in consideration of the foregoing has agreed to undertake the obligations hereinafter set forth ,

NOW THEREFORE the parties hereto hereby agree as follows .

*Article I*

DEFINITIONS

*Section 1.01* Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the Regulations<sup>2</sup> (as so defined) shall have the respective meanings therein set forth.

<sup>1</sup> See p. 188 of this volume

<sup>2</sup> See above.

*Article II*

## PARTICULAR COVENANTS

*Section 2.01.* The Régie shall carry out the Project with due diligence and efficiency and in conformity with sound railway, engineering and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

*Section 2.02.* The Régie shall duly perform its obligations under the Subsidiary Loan Agreement and, except as the Association shall otherwise agree, shall not amend, assign, abrogate or waive any provision of such Subsidiary Loan Agreement.

*Section 2.03.* In the carrying out of such parts of the Project as the Association and the Régie shall agree upon, the Régie shall employ competent and experienced consultants and technicians acceptable to the Association, to an extent and upon terms and conditions satisfactory to the Association.

*Section 2.04 (a)* Upon request from time to time by the Association, the Régie shall furnish 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.

*(b)* The Régie shall maintain 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 its operations and financial condition; shall enable the Association's representatives to inspect the Project, the goods, the Railways and any relevant records and documents; and shall furnish 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, and its administration, operations and financial condition.

*Section 2.05. (a)* The Association and the Régie 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.

*(b)* The Association and the Régie shall from time to time exchange views through their representatives with regard to the performance by the Régie of its obligations hereunder or under the Subsidiary Loan Agreement and its administration, operations and financial condition.

*(c)* The Régie 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 performance by the Régie of its obligations under this Project



Agreement or under the Subsidiary Loan Agreement or which shall increase or threaten to increase materially the estimated cost of the Project

*Section 2.06.* (a) The Régie shall take out and maintain with responsible insurers or make other provision satisfactory to the Association for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Régie undertakes to insure the imported goods to be financed out of the proceeds of the Credit against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Régie to replace or repair such goods.

*Section 2.07.* Except as shall otherwise be agreed by the Régie and the Association, the Régie shall use all goods financed out of the proceeds of the Credit exclusively in the carrying out of the Project.

*Section 2.08.* Except in the normal course of business, goods purchased or paid for out of the proceeds of the Credit shall not be sold or otherwise disposed of without the prior consent of the Association

*Section 2.09.* (a) The Régie shall operate and maintain the Railways, and from time to time make or cause to be made all necessary renewals and repairs thereof, all in accordance with sound engineering and railway practices.

(b) The Régie shall at all times manage its affairs, plan the development of the Railways and maintain its financial position all in accordance with sound engineering, railway, financial and business principles and practices and with qualified and experienced management.

*Section 2.10.* Except as the Association shall otherwise agree, the Régie shall have its financial statements (balance sheet and related statements of revenues and expenses) certified annually by an independent accountant or accounting firm acceptable to the Association, and shall promptly after their preparation and not later than six months after the close of the Régie's fiscal year transmit to the Association certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 2.11.* The Régie shall from time to time take such steps (including, but without limitation, adjustments in its rates and fares) as shall be required to provide revenues sufficient, by such date or dates as shall be agreed upon between the Borrower, the Association and the Régie: (a) to ensure a reasonable return on its net fixed assets, after covering all operating expenses, including adequate maintenance and depreciation; and (b) to enable it, out of its cash resources, to meet debt interest and amortization, to establish and maintain adequate working capital, and to finance a material part of its capital expenditures

*Section 2.12.* (a) The Régie shall give priority to the carrying out of the Project and shall, if necessary to ensure the prompt completion of the Project, defer the carrying out of other works

(b) Until the Project shall have been carried out, the Régie shall not incur any substantial expenditures for capital goods or works other than those included in the Project without prior consultation with the Association.

*Section 2.13.* The Régie shall take such action as shall be reasonable in the circumstances to facilitate railway operations between the territories of the Borrower and the territories of the Republic of Senegal, in accordance with the International Traffic Agreement, the Customs Agreement and the Railway Convention.

### *Article III*

#### EFFECTIVE DATE, TERMINATION

*Section 3.01.* (a) This Project Agreement shall come into force and effect on the Effective Date.

(b) If pursuant to Section 6.03 of the Development Credit Agreement, the Development Credit Agreement shall be terminated, this Project Agreement and all obligations of the parties hereunder shall also terminate and the Association shall promptly notify the Régie thereof.

*Section 3.02.* This Project Agreement shall terminate and the obligations of the parties hereunder shall cease and determine: (i) on the date when the Development Credit Agreement shall terminate in accordance with its terms; or (ii) 30 years after the date of this Project Agreement, whichever shall be earlier.

### *Article IV*

#### MISCELLANEOUS PROVISIONS

*Section 4 01.* Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

- (a) For the Régie:
- Régie du Chemin de Fer du Mali
  - Bamako
  - Mali

Alternative address for cables and radiograms :

Fermali  
Bamako  
Mali

(b) 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 4 02.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of the Régie may be taken or executed by the Director of the Régie or such other person or persons as he shall designate in writing

*Section 4 03.* The Régie shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Régie, take any action or execute any documents required or permitted to be taken or executed by the Régie pursuant to any of the provisions of this Project Agreement or the Development Credit Agreement and the authenticated specimen signature of each such person.

*Section 4 04.* This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument

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

Régie du Chemin de Fer du Mali :

By L. NEGRE  
Authorized Representative

International Development Association .

By George D. WOODS  
President