

No. 10121

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
SENEGAL**

Development Credit Agreement—*Agricultural Credit Project* (with annexed Credit Regulations No. 1, as amended). Signed at Dakar on 10 February 1969

Authentic text: English.

Registered by the International Development Association on 31 December 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
SÉNÉGAL**

Contrat de crédit de développement — *Projet relatif au crédit agricole* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Dakar le 10 février 1969

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 31 décembre 1969.

DEVELOPMENT CREDIT AGREEMENT ¹

AGREEMENT, dated February 10, 1969, between REPUBLIC OF SENEGAL (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to make a credit to it in an aggregate principal amount equivalent to six million dollars (\$ 6,000,000) to assist the Borrower in financing Part I of the Project described in Schedule 1 to this Development Credit Agreement;

WHEREAS the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional assistance towards financing the Project;

WHEREAS by an agreement of even date herewith between the Bank and the Borrower (hereinafter referred to as the Loan Agreement ²), the Bank has agreed to provide a Loan in an aggregate principal amount equivalent to three million five hundred thousand dollars (\$ 3,500,000); and

WHEREAS the Association has agreed, on the basis of the foregoing, to make a Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties of 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.

¹ Came into force on 25 June 1969, upon notification by the Association to the Government of Senegal.

² See p. 231 of this volume.

³ See p. 286 of this volume.

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

(a) “BNDS” means the Banque Nationale de Développement du Sénégal established under Law No. 64-33 of the Borrower dated May 26, 1964.

(b) “ONCAD” means the Office National de Coopération et d’Assistance pour le Développement established under Law No. 66-60 of the Borrower, dated June 30, 1966, as amended by Law No. 67-46 of the Borrower, dated October 12, 1967.

(c) “SODEVA” means the Société de Développement et de Vulgarisation Agricole, a société anonyme established and operating under the laws of the Borrower.

(d) “SATEC” means the Société d’Aide Technique et de Coopération, an instrumentality of the Government of the Republic of France established in 1956 under the laws of the Republic of France which has been engaged in providing agricultural extension services in the territories of the Borrower pursuant to an agreement dated September 1964 between the Borrower and the Société.

(e) “Project area” means the area within the Regions of Thies, Diourbel and Sine Saloum within which SODEVA is providing extension services.

(f) “Project period” means the period during which the proceeds of the Credit will be disbursed.

(g) “Subsidiary Loan Agreement” means the loan agreement to be entered into between the Borrower and BNDS referred to in Section 5.02 (b) of the Loan Agreement.

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. (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such 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 the Proceeds of the Credit and 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 the Project and to be financed under this Development Credit Agreement:

- (i) Such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for expenditures incurred outside the territory of the Borrower for services and fellowships under Category 1 of the Allocation of the Proceeds of the Credit and the Loan set forth in Schedule 2 to this Development Credit Agreement;
- (ii) The equivalent of thirty per cent (30 %) of such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for expenditures incurred outside the territory of the Borrower for services under Category 2 of said Schedule 2; and
- (iii) The equivalent of seventy-five per cent (75 %) of such amounts as shall have been disbursed by BNDS for expenditures under Category 3 of said Schedule 2;

provided, however, that if there shall be an increase in the estimate of expenditures for Categories 2 or 3 of said Schedule 2, the Association may, by notice to the Borrower, adjust the above percentages in order that withdrawals of the amount of the Credit then allocated to such Categories and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Categories.

(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 October 1, 1968, 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 purpose 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 ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 1 and July 1 commencing January 1, 1979 and ending July 1, 2018, each installment to and including the installment payable on July 1, 1988 to be one-half of one per cent ($\frac{1}{2}$ of 1 %) of such principal amount, and each installment 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 apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 1 to this Development Credit Agreement.

Section 3.02. Except as the Association shall otherwise agree (i) the goods to be financed out of the proceeds of the Credit shall be procured on the basis of competitive bidding in accordance with the procedures set forth in Schedule 3 to this Development Credit Agreement, or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of such goods shall be subject to the approval of the Association.

Section 3.03. Except as the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.09 and 5.10 of the Loan Agreement and hereby incorporated into this Development Credit Agreement with the same force and effect as if they were fully set forth herein; provided, however, that (i) all references to the Bank in such Sections or in any one of them shall be deemed to be references to the Association, and (ii) all references in such Sections or in any one of them to the Loan Agreement and the Bonds shall be deemed to be references to the Development Credit Agreement and all references thereunder to the Loan shall be deemed to be references to the Credit.

(b) So long as any part of the Loan provided for under the Loan Agreement or the Bonds executed and delivered pursuant to the provisions of Article IV of such Loan Agreement shall remain outstanding and unpaid, all action taken, including approvals given, by the Bank pursuant to the Sections of the Loan Agreement enumerated in the foregoing paragraph shall be deemed to be taken or given in the name and on behalf of both the Bank and the Association; and all information furnished by the Borrower to the Bank pursuant to the provisions of such Sections shall be deemed to be furnished to both the Bank and the Association.

Section 4.02. The provisions of the Sections of the Loan Agreement enumerated in paragraph (a) of Section 4.01 of this Development Credit Agreement, except Section 5.04, and all obligations of the parties thereunder shall terminate on a date thirty years after the date of this Development Credit Agreement, or on the date when the Loan Agreement and all obligations of the parties thereunder shall terminate, whichever is the later.

Section 4.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall use the proceeds of payments which it receives from BNDS under the Subsidiary Loan Agreement and which are not currently required to service the Credit, for the purpose of agricultural development. The Borrower and the Association shall consult from time to time as to the procedure for ensuring effective use of such proceeds.

Section 4.04. 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 4.05. This Development Credit 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.

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 Credit 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 Credit Regulations or in Section 5.02 of this Development Credit 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 Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 5.02 (*k*) of the Credit Regulations, the following additional events are specified:

- (a) A default shall have occurred in the performance of any covenant or agreement under the Loan Agreement other than in respect of the payment of principal or service charge or any other payment required thereunder.
- (b) The right of the Borrower to withdraw the proceeds of the Loan shall have been suspended in whole or in part.
- (c) The outstanding principal of the Loan provided for in the Loan Agreement shall have been declared, or become due and payable in advance of the agreed maturity thereof.
- (d) The Borrower shall have cancelled any part of the Loan provided for under the Loan Agreement without cancelling a corresponding amount of the Credit.
- (e) The Borrower or any authority having jurisdiction shall have taken any action for the dissolution or disestablishment of BNDS, ONCAD or SODEVA or for the suspension of their operations without the prior approval of the Association.
- (f) Any provision of the Borrower's Law No. 64-33 of May 26, 1964, or Law No. 66-60 of June 30, 1966 as amended by Law No. 67-46 of October 12, 1967 or of Decree No. 68-1253/PR/MPI of December 6, 1968, shall have been amended, suspended, terminated or repealed so as to affect adversely the performance by the Borrower of its obligations under this Development Credit Agreement.
- (g) The Agreement between SODEVA and SATEC dated December 12, 1968, shall have been amended, modified or terminated without the prior approval of the Association.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Development Credit Agreement within the meaning of Section 8.01 (*b*) of the Credit Regulations: The conditions precedent

to the effectiveness of the Loan Agreement shall have been fulfilled, subject only to the effectiveness of this Development Credit Agreement.

Section 6.02. If this Development Credit Agreement shall not have come into force and effect by May 12, 1969 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 the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1972, or such later date as may be agreed by the Borrower and the Association.

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

For the Borrower:

Ministère des Finances
Rue Charles Lainé
Dakar B. P. 4017
Senegal

Alternative address for cables:

Ministère des Finances
Dakar, Senegal

For the Association:

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

Alternative address for cables:

Indevas
Washington, D.C.

Section 7.03. The Minister of Finance of the Borrower is designated for the purposes of Section 7.03 of the Credit 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 Dakar, Republic of Senegal, as of the day and year first above written.

Republic of Senegal:

By Leopold Sedar SENGHOR
Authorized Representative

International Development Association:

By Robert S. MCNAMARA
President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project is the implementation over three years of an integrated series of measures to increase the production of groundnuts and millet in the Project area, and consists of the following:

Part I. The provision of agricultural inputs of fertilizer, draft oxen and animal-drawn agricultural implements and carts to agricultural cooperatives in the Project area for use by farmers, to be procured by ONCAD on the basis of applications by farmers prepared with the assistance of SODEVA and approved by the Project Coordination Committee and to be financed through credits extended by BNDS to such cooperatives, repayable by the cooperatives from the proceeds of the sale through ONCAD of the crops of the cooperatives.

Part II. (a) Improvements to ONCAD, through the assistance of qualified management consultants, of the organization and management, finance and accounting methods, transportation and administering of the groundnut seed stockpile including a review by such consultants of the present services available to the cooperatives.

(b) Provision of overseas fellowships for selected members of the staff of ONCAD.

Part III. The provision of adequate technical services to the cooperatives by ensuring their continuation through the extension services provided by SATEC/SODEVA. This includes:

- (a) the preparation of annual individual cooperative requirements for farm input;
- (b) help with the weighing-in of the harvest, payment for crops and the semi-annual meetings of cooperatives.

The Project is expected to be completed by June 30, 1972.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF THE CREDIT AND OF THE LOAN

<i>Category</i>	<i>Amounts Expressed In U.S. \$ Equivalent</i>
1. (a) ONCAD: Management Services	1,500,000
(b) ONCAD: Counterpart Training	250,000
2. SATEC/SODEVA Cooperative Services	700,000
3. Animal drawn agricultural implements and carts	6,920,000
4. Unallocated	130,000
	TOTAL: 9,500,000

ALLOCATION OF PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of this Development Credit Agreement, and shall be applied to expenditures under any of the Categories of this Schedule, until the total of withdrawals and commitments shall have reached the equivalent of \$ 6,000,000.

ALLOCATION OF PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of the Loan Agreement and shall be applied to expenditures under any of the Categories of this Schedule incurred after the amount of the Credit shall have been exhausted.

REALLOCATION UPON CHANGES IN COST ESTIMATE

3. If the estimates of the cost of the items included in Categories 1, 2 or 3 shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated to Category 4 by the Association and by the Bank.

4. If the estimate of the cost of the items included in Categories 1, 2 or 3 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category 3 an amount equal to 75 % of such increase and in the case of Category 2 an amount equal to 30 % of the foreign exchange component of such increase) will be allocated by the Bank or by the Association, as the case may be, at the request of the Borrower, to such Category from Category 4, subject, however, to the requirements for contingencies, as determined by the Bank and by the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 3

PROCUREMENT

The following procedures will apply to contracts to be financed under Category 3 of the allocation of the proceeds of the Credit as set out in Schedule 2 to this Development Credit Agreement other than contracts entered into prior to October 1, 1968 (in an amount equivalent to approximately \$ 760,000):

1. All contracts for animal drawn agricultural implements, including carts, will be awarded on the basis of local competitive bidding in accordance with the general principles and procedures set forth in the Guidelines for Procurement under World Bank Loans and IDA Credits, dated February 1968, as modified by paragraph 2 of this Schedule.

2. (a) "Local competitive bidding" in paragraph 1 above means inviting the local factory (SISCOMA) and all interested agents of overseas firms producing suitable implements with similar specifications, represented in the territories of the Borrower, to make bids. This will be accomplished by publication of suitable advertisements in the local press and government publications. The time interval between advertising and the opening of bids will be a minimum of thirty (30) days and the time interval for delivery of goods will be not less than sixty (60) days from the effective date of contract award.

(b) Before inviting tenders, copies of proposed standard bid invitation documents and description of tendering procedures will be submitted to the Association for its approval. Procurement of these items will be grouped so that each consignment is large enough to obtain favorable shipping rates from the port of loading in case the contract is awarded to a local agent of an overseas supplier.

(c) A summary of the bids received, an analysis report and recommendations, and a justification of the proposal for awarding the contract, together with a copy of the *procès-verbal* of the public opening of the tenders will be submitted to the Association for its approval.

(d) If any contract is awarded to the local agent of an overseas supplier, the necessary import licenses and foreign exchange authorizations shall be granted promptly upon application.

(e) When evaluating bids, the following factors shall be considered for the purposes of comparing the prices of imported goods with those of goods produced or assembled in the territories of the Borrower: (i) the price of imported goods shall consist exclusively of (A) the c.i.f. cost of such goods, (B) a margin of up to 15 per cent of such c.i.f. cost, (C) the cost of transportation and handling from the point of entry into the territories of the Borrower to the area where the goods are to be delivered, and (D) the dealer's commission; and (ii) the price of goods produced or assembled in the territories of the Borrower shall consist exclusively of (A) the ex-factory price of such goods after deduction of the taxes and duties, if any, levied

on the importation into the territories of the Borrower of the component parts of such goods, (B) the cost of transportation and handling from the factory to the area where the goods are to be delivered, and (C) the dealer's commission.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
WITH MEMBER GOVERNEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 617, p. 60.]