

No. 10591

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
GHANA**

Development Credit Agreement—*Fisheries Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association and the Ghana Industrial Holding Corporation). Signed at Washington on 25 September 1969

Authentic text: English.

Registered by the International Development Association on 9 July 1970

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT**

**et
GHANA**

Contrat de crédit de développement — *Projet relatif aux pêcheries* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au projet entre l'Association et la Ghana Industrial Holding Corporation). Signé à Washington le 25 septembre 1969

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 9 juillet 1970.

DEVELOPMENT CREDIT AGREEMENT ¹

AGREEMENT, dated September 25, 1969, between REPUBLIC OF GHANA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; DÉFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

The words " or the Project Agreement " are added after the words " the Development Credit Agreement " in Section 8.02.

Section 1.02. Wherever used in this Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) " GIHOC " means the Ghana Industrial Holding Corporation, established under the GIHOC Decree.

(b) " GIHOC Decree " means the Ghana Industrial Holding Corporation Decree, 1967 (N.L.C.D. 207), dated September 16, 1967, as amended by the Ghana Industrial Holding Corporation (Amendment) Decree, 1968 (N.L.C.D. 254).

(c) The " Division " means the Boatyards Division of GIHOC.

(d) " ADB " means the Agricultural Development Bank of Ghana, established by the Agricultural Development Bank Act.

¹ Came into force on 21 January 1970, upon notification by the Association to the Government of Ghana.

² See p. 304 of this volume.

(e) "Agricultural Development Bank Act" means the Agricultural Credit and Co-operative Bank Act, 1965 (Act 286), as amended by the Agricultural Credit and Co-operative Bank Act, 1965 (Amendment) Decree, 1967 (N.C.L.D. 182), dated June 22, 1967.

(f) "Project Agreement" means the agreement of even date herewith¹ between the Association and GIHOC, as the same may be amended from time to time by agreement between the Association and GIHOC, with the approval of the Borrower.

(g) "ADB Subsidiary Loan Agreement" means the agreement referred to in Section 4.03 (a) of this Development Credit Agreement to be entered into between the Borrower and ADB, as the same may be amended from time to time by agreement between the Borrower and ADB, with the approval of the Association.

(h) "GIHOC Subsidiary Loan Agreement" means the agreement referred to in Section 4.03 (b) of this Development Credit Agreement to be entered into between the Borrower and GIHOC, as the same may be amended from time to time by agreement between the Borrower and GIHOC, with the approval of the Association.

(i) "Fishing vessels" means the vessels referred to in Part A of the Project, described in Schedule 2 to this Development Credit Agreement.

(j) "GIHOC-ADB Agreement" means the agreement to be entered into between GIHOC and ADB whereunder the Division shall, *inter alia*, (1) on behalf of ADB, appraise the creditworthiness of prospective purchasers of the fishing vessels and undertake collection of loans made by ADB to such purchasers, until such time as ADB shall, with the agreement of the Association and GIHOC, undertake for its own account the foregoing functions; and (2) carry out the procurement of goods and services required for Part A of the Project.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to one million three hundred thousand dollars (\$1,300,000).

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.

¹ See p. 304 of this volume.

(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 in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 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. The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) in respect of the reasonable cost of goods or services included in the allocation of the proceeds of the Credit referred to in Section 2.02 of this Development Credit Agreement and to be financed under this Development Credit Agreement.

Section 2.04. No withdrawals from the Credit Account shall be made on account of expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

Section 2.05. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. 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 2.07. Service charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing December 15, 1979 and ending June 15, 2019, each installment to and including the installment payable on June 15, 1989 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, or cause to be applied, the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Development Credit Agreement.

Section 3.02. Except as the Association shall otherwise agree, the goods and services 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 in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Development Credit Agreement.

Section 3.03. Until the completion of the Project, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project, except as the Association may otherwise agree.

Section 3.04. Except as the Association shall otherwise agree, the Borrower shall cause all fishing vessels to be used, under the flag of the Borrower, primarily for the purposes of in-shore fishing.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out, or cause to be carried out, the Project with due diligence and efficiency and in conformity with sound administrative, financial, commercial and technical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) To assist the Borrower in carrying out Part C of the Project, the Borrower shall employ, or cause to be employed, competent and experienced consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Association.

Section 4.02. The Borrower shall take all action which shall be necessary on its part to enable GIHOC to perform all its obligations under the Project Agreement and shall not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance of such obligations by GIHOC.

Section 4.03. (a) The Borrower shall relend to ADB, in the currency of the Borrower, the amount of the Credit withdrawn from time to time under Category I of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Development Credit Agreement, on terms and conditions, and pursuant to a subsidiary loan agreement, satisfactory to the Association.

(b) The Borrower shall relend to GIHOC, in the currency of the Borrower, the amount of the Credit withdrawn from time to time under Categories II and III of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Development Credit Agreement, on terms and conditions, and pursuant to a subsidiary loan agreement, satisfactory to the Association.

(c) The Borrower shall exercise its rights under the ADB Subsidiary Loan Agreement and the GIHOC Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association, and, except as the Association shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, assigning, abrogating or waiving any provision of the ADB Subsidiary Loan Agreement or the GIHOC Subsidiary Loan Agreement.

Section 4.04. The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Credit, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof); shall enable the Association's representatives to inspect the Project, such goods and services 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 Project and such goods and services.

Section 4.05. (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 shall be reasonably requested 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 4.06. The Borrower undertakes to insure or cause to be insured 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 Borrower, ADB or GIHOC to replace or repair such goods.

Section 4.07. The Borrower shall cause adequate facilities to be established and maintained in suitable places for the servicing and maintenance of the fishing vessels.

Section 4.08. The Borrower shall make and maintain, or cause to be made and maintained, such modifications in the organization and operation of the fishing harbor at Tema as and when may be necessary to ensure the efficient accommodation of the fishing vessels. Such modifications shall include, without limitation :

- (i) the provision of moorings in the fishing harbor, clear of the quay; and
- (ii) the adoption of measures to ensure that the quay is kept clear for vessels needing to land fish or take on supplies.

Section 4.09. Promptly upon completion of the studies constituting Part C (2) of the Project, the Borrower and the Association shall exchange views thereon and shall agree upon which port to carry out the studies constituting Part C (3) of the Project.

Section 4.10. 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 4.11. This Development Credit Agreement, the Project Agreement, the ADB Subsidiary Loan Agreement and the GIHOC Subsidiary Loan Agreement shall be free from any taxes 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. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Development Credit Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option,

may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purpose of Section 7.01 of the General Conditions, the following additional events are specified :

(a) A default shall occur in the performance of any obligation of GIHOC under the Project Agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower and GIHOC.

(b) A default shall occur in the performance of any obligation of the Borrower or of ADB under the ADB Subsidiary Loan Agreement, and such default shall continue for a period of sixty days.

(c) A default shall occur in the performance of any obligation of the Borrower or of GIHOC under the GIHOC Subsidiary Loan Agreement, and such default shall continue for a period of sixty days.

(d) Before the Project Agreement shall have terminated in accordance with its terms, the GIHOC Decree shall have been amended, so as to affect materially and adversely the carrying out of the Project or the operations or financial condition of the Division and such event shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

(e) Before the ADB Subsidiary Loan Agreement shall have terminated in accordance with its terms, the Agricultural Development Bank Act shall have been amended, so as to affect materially and adversely the carrying out of the Project or the operations or financial condition of ADB, and such event shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

Section 5.03. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified :

(a) An extraordinary situation shall have arisen which shall make it improbable that GIHOC will be able to perform its obligations under the Project Agreement or the GIHOC Subsidiary Loan Agreement.

(b) An extraordinary situation shall have arisen which shall make it improbable that ADB will be able to perform its obligations under the ADB Subsidiary Loan Agreement.

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 10.01 (b) of the General Conditions :

(a) The execution and delivery of the Project Agreement on behalf of GIHOC have been duly authorized or ratified by all necessary corporate and governmental action;

(b) The Borrower and ADB have entered into the ADB Subsidiary Loan Agreement, in form satisfactory to the Association, and the ADB Subsidiary Loan Agreement has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of this Development Credit Agreement;

(c) The Borrower and GIHOC have entered into the GIHOC Subsidiary Loan Agreement, in form satisfactory to the Association, and the GIHOC Subsidiary Loan Agreement has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of this Development Credit Agreement;

(d) GIHOC has made arrangements satisfactory to the Association to employ a naval architect and a production manager for the Division, as provided in Section 2.01 (b) of the Project Agreement; and

(e) The execution and delivery of the GIHOC-ADB Agreement on behalf of GIHOC and ADB has been duly authorized or ratified by all necessary corporate and governmental action.

Section 6.02. The following are specified as additional matters within the meaning of Section 10.02(b) of the General Conditions, 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, GIHOC and constitutes a valid and binding obligation of GIHOC in accordance with its terms;

(b) that the ADB Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and ADB and constitutes a valid and binding obligation of the Borrower and ADB in accordance with its terms;

(c) that the GIHOC Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and GIHOC and constitutes a valid and binding obligation of the Borrower and GIHOC in accordance with its terms; and

(d) that the GIHOC-ADB Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, GIHOC and ADB, and constitutes a valid and binding obligation of GIHOC and ADB in accordance with its terms.

Section 6.03. The date of January 1, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Section 3.04, 4.04, 4.07 and 4.08 of this Development Credit Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on the date on which the ADB Subsidiary Loan Agreement shall terminate in accordance with its terms, whichever shall be the earlier.

Article VII

MISCELLANEOUS

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

Section 7.02. The Commissioner responsible for Finance of the Borrower is designated as representative of the Borrower for the purpose of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions :

For the Borrower :

The Principal Secretary
Ministry of Finance
P.O. Box M40
Accra, Ghana

Alternative address for cables :
Prudence
Accra

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.

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Ghana :

By E. M. DEBRAH

Authorized Representative

International Development Association :

By J. BURKE KNAPP

Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Materials, components, nets and gear for the fishing vessels	825,000
II. Spare parts and equipment for the Division	100,000
III. Staff for the Division	75,000
IV. Consultants' Services for Harbor Studies included in Part C of the Project	230,000
V. Unallocated	70,000
TOTAL	<u>1,300,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to IV shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category V.

2. If the estimate of the cost of the items included in any of the Categories I to IV shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit will be allocated by the Association, at the request of the Borrower, to such Category from Category V, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 2

The Project consists of the following :

A. The design and construction of about 40 fishing vessels, having an overall length of approximately 48 feet and a hold capacity of approximately 20 tons, fully equipped for purse seine operation.

B. The provision of loans or other forms of credit to fishermen or fishing enterprises for the purchase of the fishing vessels.

C. Studies for the improvement, expansion and development of fisheries in the territories of the Borrower, including :

- (1) Detailed engineering studies at the fishing port of Tema.
- (2) Comparative preliminary engineering studies at the fishing ports of Elmina and Mumford.
- (3) Detailed engineering studies at either the fishing port of Elmina or the fishing port of Mumford.

D. The improvement of the operations and organization of the Division.

The Project is expected to be completed by mid-1972.

SCHEDULE 3

SUPPLEMENTARY PROCEDURES FOR PROCUREMENT OF GOODS REFERRED TO
IN SECTION 3.02 OF THIS DEVELOPMENT CREDIT AGREEMENT

1. With respect to contracts for procurement of goods estimated to cost in excess of \$10,000 equivalent :

(a) Invitations to bid, specifications, conditions of contract, all other tender documents and the method and places of advertising shall be submitted to the Association for its review and approval prior to the issuance of invitations to bid.

(b) After bids have been received and analyzed, the analysis of the bids, and the proposals for awards, together with the reasons for such proposals, shall be submitted to the Association for its review and approval prior to the Borrower's making any award of contract or issuing any letter of intent.

(c) If the final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Association under paragraphs (a) and (b) above, the text of the proposed changes shall be submitted to the Association for its review and approval prior to the execution of such contract.

(d) As soon as a letter of intent has been issued or a contract has been executed, a copy thereof shall be sent to the Association.

2. With respect to contracts for procurement of goods estimated to cost \$10,000 equivalent or less, copies of all documents, including the invitation to bid,

the tender documents and the bid analysis and evaluation, shall be sent to the Association promptly after the execution of any such contract and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

3. The bidding process and the analysis, comparison and evaluation of bids shall be conducted by GIHOC and, in the case of goods to be financed out of the proceeds of the Credit allocated to Category I of the allocation of such proceeds set forth in Schedule I to the Development Credit Agreement, in accordance with the GIHOC-ADB Agreement.

INTERNATIONAL DEVELOPMENT ASSOCIATION
GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]

PROJECT AGREEMENT

AGREEMENT, dated September 25, 1969, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and GHANA INDUSTRIAL HOLDING CORPORATION (hereinafter called GIHOC).

WHEREAS by an agreement of even date herewith¹ between the Republic of Ghana (hereinafter called the Borrower) and the Association, which agreement, the Schedules thereto and the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,² made applicable thereto are hereinafter called the Development Credit Agreement, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to one million three hundred thousand dollars (\$1,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that GIHOC agree to undertake certain obligations to the Association as hereinafter provided; and

WHEREAS GIHOC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

¹ See p. 282 of this volume.

² See above.

NOW, THEREFORE, the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS

Section 2.01. (a) GIHOC shall carry out, through the Division, Parts A and D of the Project, described in Schedule 2 to the Development Credit Agreement, with due diligence and efficiency and in conformity with sound financial, commercial and technical standards and practices.

(b) Except as the Association shall otherwise agree, GIHOC shall, in carrying out, through the Division, Parts A and D of the Project employ a qualified and experienced naval architect and a qualified and experienced production manager for the Division, both acceptable to and on terms and conditions satisfactory to the Association.

(c) GIHOC shall enter into the GIHOC Subsidiary Loan Agreement with the Borrower.

(d) GIHOC shall, through the Division, furnish to the Association, promptly upon their preparation, the plans, specifications and work schedules for Parts A and D of the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

Section 2.02. (a) GIHOC shall, through the Division, maintain records adequate to identify the goods and services financed out of the proceeds of the Credit, to disclose the use thereof in Parts A and D of the Project, to record the progress of Parts A and D of the Project (including the cost thereof) and to reflect in accordance with sound accounting practices the operations and financial condition of GIHOC and of the Division; shall enable the Association's representatives to inspect Part A of the Project, such goods, all other plants, sites, works, property and equipment of the Division 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, such goods and services, Parts A and D of the Project and the administration, operations and financial condition of GIHOC and of the Division.

(b) GIHOC shall cause the Division : (i) to maintain accounts separate from the accounts for other divisions or operations of GIHOC; (ii) to establish and maintain separate identifiable statements of accounts in respect of Parts A and D of the Project; (iii) to have such accounts and statements audited annually by an independent accountant or accounting firm acceptable to the Association; and (iv)

promptly after such audited statements of accounts and financial statements (balance sheet and related statement of earnings and expenses) for the Division are available, and, except as the Association shall otherwise agree, not later than six months after the close of the financial year to which they apply, to transmit to the Association certified copies of such statements and a signed copy of the accountant's or accounting firm's report relating to such statements.

(c) Except as the Association shall otherwise agree, GIHOC shall transmit to the Association, not later than six months after the close of the financial year to which they apply, certified copies of GIHOC's financial statements (balance sheet and related statement of earnings and expenses) audited in accordance with the GIHOC Decree.

Section 2.03. (a) The Association and GIHOC shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Association and GIHOC shall from time to time exchange views through their representatives with regard to matters relating to the performance by GIHOC of its obligations under the Project Agreement, the administration, operations and financial condition of GIHOC and of the Division and other matters relating to the purposes of the Credit.

(b) GIHOC shall promptly inform the Association and the Borrower of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by GIHOC of its obligations under this Agreement.

Section 2.04. (a) GIHOC shall operate its business and the business of the Division and conduct its affairs and the affairs of the Division in accordance with sound business, commercial and financial practices under the supervision of qualified and experienced management and shall operate, maintain, renew and repair its plants, equipment and property and those of the Division in accordance with sound commercial and engineering practices.

(b) GIHOC shall, at a reasonable time prior to any proposed appointment of a General Manager (or head) of the Division, notify the Association of any proposal to make such appointment and shall make such appointment only after consideration of the views expressed by the Association.

(c) GIHOC shall take all action reasonably required to maintain and renew all rights, powers, privileges and franchises necessary or useful in the conduct of the Division's business.

Section 2.05. (a) GIHOC shall take out and maintain with responsible insurers or make other provision satisfactory to the Association for insurance for the Division against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, GIHOC 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 any indemnity under such insurance shall be payable in a currency freely usable by GIHOC to replace or repair such goods.

Section 2.06. GIHOC undertakes that all goods and services referred to in Section 3.02 of the Development Credit Agreement which are procured by, or arrangements for the procurement of which are made by, GIHOC, through the Division, shall be procured in accordance with the provisions of such Section 3.02.

Section 2.07. The price at which each of the fishing vessels shall be sold by GIHOC, through the Division, to purchasers shall be based upon the Division's March 1969 prevailing price of 44,000 New Cedis in the currency of the Borrower for a 45-foot boat fully equipped for purse seine fishing, subject to such reasonable allowances as shall be agreed between the Association, ADB and GIHOC to cover (i) increases in the Division's production costs of the fishing vessels and (ii) changes in taxes, duties and levies.

Section 2.08. Except as the Association shall otherwise agree, GIHOC shall take all action necessary or appropriate to ensure that adequate earnings of the Division are retained in the Division, (i) to maintain or expand its facilities as required for the construction and servicing of the fishing vessels and (ii) otherwise for the operation of the business of the Division in accordance with sound financial and commercial practices.

Section 2.09. Except as the Association and GIHOC shall otherwise agree, GIHOC shall not :

- (a) take any action to disestablish or effect any change in the functions or administrative structure of the Division; or
- (b) sell, lease, transfer, or otherwise dispose of any of the properties or assets of the Division which shall be required for the efficient carrying on of the business of the Division.

Section 2.10. Except as the Association shall otherwise agree, GIHOC shall, through the Division, maintain the arrangements made with ADB under the GIHOC-ADB Agreement.

Article III

EFFECTIVE DATE; TERMINATION

Section 3.01. This Agreement shall come into force and effect on the Effective Date. If the Development Credit Agreement terminates pursuant to Section 6.03 thereof, this Agreement and all obligations of the parties hereunder shall terminate.

Section 3.02. This Agreement and all obligations of GIHOC and of the Association hereunder shall terminate on the later of

- (i) the date when the GIHOC Subsidiary Loan Agreement shall terminate in accordance with its terms or
- (ii) the date six months after the close of GIHOC's financial year within which delivery of the last of the fishing vessels has been effected by GIHOC and GIHOC has given notice thereof to the Borrower, the Association and ADB.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice, demand or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this 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 demand or request. The addresses so specified are :

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.

For the Borrower :

The Principal Secretary
Ministry of Finance
P.O. Box M40
Accra, Ghana

Alternative address for cables :

Prudence
Accra

For GIHOC

The Managing Director
Ghana Industrial Holding Corporation
P.O. Box 2784
Accra, Ghana

Alternative address for cables :

Holdings
Accra

For ADB :

The Secretary
Agricultural Development Bank
P.O. Box 4191
Accra, Ghana

Alternative address for cables :

Agricbank
Accra

Section 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of GIHOC may be taken or executed by the Managing Director of GIHOC or such other person or persons as he shall designate in writing.

Section 4.03. GIHOC shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of GIHOC, take any action or execute any documents required or permitted to be taken or executed by GIHOC pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

Section 4.04. This 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, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Development Association :

By J. BURKE KNAPP

Vice President

Ghana Industrial Holding Corporation :

By E. M. DEBRAH

Authorized Representative
