

No. 10659

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CONGO (DEMOCRATIC REPUBLIC)**

Development Credit Agreement—*Development Finance Company Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association and the Société congolaise de financement du développement). Signed at Washington on 28 May 1970

Authentic text: English.

Registered by the International Development Association on 11 August 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CONGO (RÉPUBLIQUE DÉMOCRATIQUE)**

Contrat de crédit de développement — *Projet relatif à une société financière de développement* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au Projet entre l'Association et la Société congolaise de financement du développement). Signé à Washington le 28 mai 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 11 août 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated May 28, 1970, between the DEMOCRATIC REPUBLIC OF THE CONGO (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association):

Article I

GENERAL CONDITIONS; DEFINITIONS

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 set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) The words "Investment Projects" are substituted for the words "the Project" at the end of Section 5.03.

(b) Section 6.03 is deleted and replaced by the following new Section:

"SECTION 6.03. *Cancellation by the Association.* If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days or (b) by the date specified in Section 2.02 (e) of the Project Agreement³ no applications for approval or requests for authorization to withdraw from the Credit Account in respect of any portion of the Credit shall have been received by the Association, or having been so received, shall have been denied or (c) after the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right to request such approvals and authorizations or to make withdrawals from the Credit Account, as the case may be, with respect to such amount or portion of the Credit. Upon the

¹ Came into force on 10 June 1970, upon notification by the Association to the Government of the Democratic Republic of the Congo.

² See p. 284 of this volume.

³ *Ibid.*

giving of such notice such amount or portion of the Credit shall be cancelled.”

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) “SOCOFIDE” means the Société Congolaise de Financement du Développement;

(b) “Statutes” means the *Statuts* of SOCOFIDE, as amended from time to time;

(c) “Project Agreement” means the agreement of even date herewith between the Association and SOCOFIDE;

(d) “Subsidiary Loan Agreement” means the loan agreement to be entered into between the Borrower and SOCOFIDE pursuant to Section 3.02 of this Agreement;

(e) “sub-loan” means a loan or credit made or proposed to be made by SOCOFIDE out of the proceeds of the Credit to an Investment Enterprise for an Investment Project;

(f) “investment” means an investment, other than a sub-loan, made or proposed to be made by SOCOFIDE out of the proceeds of the Credit in an Investment Enterprise for an Investment Project;

(g) “Investment Enterprise” means an enterprise to which SOCOFIDE proposes to make or has made a sub-loan, or in which it proposes to make or has made an investment, in accordance with and as provided in Section 3.01 of this Agreement;

(h) “Investment Project” means a specific project to be carried out by an Investment Enterprise, as approved, or in respect of which withdrawals from the Credit Account shall have been authorized, by the Association pursuant to Section 2.03 (b) of this Agreement;

(i) “subsidiary” means any company of which a majority of the outstanding voting stock or other proprietary interest is owned, or which is effectively controlled, by SOCOFIDE or by any one or more subsidiaries of SOCOFIDE or by SOCOFIDE and one or more of its subsidiaries;

(j) “Convention” means the *Convention d’Etablissement* between the Borrower and SOCOFIDE dated January 15, 1970;

(k) “Statement of Policy” means the *Déclaration de Politique Générale* of SOCOFIDE as adopted and approved by its Board of Directors on February 10, 1970, and as the same may be amended from time to time;

(l) “Zaires” and the letter “Z” mean currency of the Borrower;

(m) “Government Loans” means the advance and the loan totalling 3,000,000 Zaires authorized to be granted to SOCOFIDE pursuant to *Ordonnance-loi* No. 70/002 of January 9, 1970; and

(n) “foreign currency” means any currency other than Zaires.

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 five million dollars (\$5,000,000), for use by SOCOFIDE.

Section 2.02. 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. 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.

Section 2.03. (a) Subject to the provisions of paragraphs (b) and (c) of this Section, SOCOFIDE, on behalf of the Borrower pursuant to Section 7.03 of this Agreement, shall be entitled to withdraw from the Credit Account:

- (i) amounts paid, (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) for the reasonable cost in foreign currency of goods and services required to be imported for carrying out the Investment Project in respect of which the withdrawal is requested;
- (ii) the equivalent of seventy-seven per cent (77%) of such amounts as shall have been paid for such imported goods as shall be purchased from suppliers in the territory of the Borrower and invoiced and paid for in Zaires; and
- (iii) the equivalent of fifty-five per cent (55%) of such amounts as shall have been paid for such goods produced in the territory of the Borrower from imported components or raw materials and purchased from the producers thereof and invoiced and paid for in Zaires.

(b) No amount shall be withdrawn from the Credit Account in respect of an Investment Project unless such Investment Project shall have been approved in writing by the Association; provided, however, that such withdrawals may be made in respect of sub-loans for Investment Projects

described to and authorized by the Association for financing hereunder in accordance with the provisions of Section 2.02 (c) of the Project Agreement, but only up to an amount in respect of each such Investment Project which, together with any amount or amounts previously approved or authorized for such Investment Project under this Development Credit Agreement, shall not exceed the equivalent of \$50,000 and, in respect of all such Investment Projects, the equivalent of \$1,000,000 in the aggregate or, in each case, of such other limit as shall from time to time be determined by the Association.

(c) Except as the Association shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise, (i) for any Investment Project subject to the Association's approval, more than ninety days prior to the date on which the Association shall have received in respect of such Investment Project the application required under Section 2.02. (b) of the Project Agreement or, (ii) in the case of any other Investment Project, more than ninety days prior to the date on which the Association shall have received the description thereof pursuant to Section 2.02 (c) of the Project Agreement.

Section 2.04. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

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 June 15 and December 15 in each year.

Section 2.07. 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 June 15, 1980 and ending December 15, 1989, each installment to and including the installment payable on December 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

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Project for which the Credit is granted is the financing by SOCOFIDE of economic development in the territory of the Borrower through loans for productive purposes to enterprises in such territory which are or will be privately controlled, and through other productive invest-

ments in such enterprises, all for specific development projects and in accordance with the Statutes and Statement of Policy of SOCOFIDE.

Section 3.02. (a) The Borrower shall relend the equivalent in Zaïres of the proceeds of the Credit to SOCOFIDE pursuant to a Subsidiary Loan Agreement containing terms and conditions satisfactory to the Association.

(b) The Borrower shall exercise its rights under the 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 assign, or amend, abrogate or waive any provision of, the Subsidiary Loan Agreement.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall not take, or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any political subdivision to take, any action which would prevent or materially interfere with the performance by SOCOFIDE of any of its obligations under the Project Agreement, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable SOCOFIDE to perform such obligations.

Section 4.02. (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time, at the request of either party, 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 4.03. 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 4.04. The Development Credit Agreement, the Project Agreement and the Subsidiary Loan 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 4.05. The terms and conditions of the Convention and of the Government Loans shall be modified only pursuant to the mutual agreement of the Borrower and the Association.

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 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 purposes 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 SOCOFIDE 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 SOCOFIDE;
- (b) The Statutes of SOCOFIDE shall have been amended so as to affect materially and adversely the operations or financial condition of SOCOFIDE, and such event shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower and SOCOFIDE;
- (c) SOCOFIDE shall be unable to pay its debts as they mature or any action or proceeding shall have been taken whereby any of the property of SOCOFIDE shall or may be distributed among its creditors;
- (d) Any creditor of SOCOFIDE shall have demanded payment of monies lent to SOCOFIDE, prior to the agreed maturity of any loan having an original maturity of one year or more, in accordance with the terms of such loan;

- (e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SOCOFIDE or for the suspension of its operations.

Section 5.03. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely: SOCOFIDE shall have created, acquired or otherwise taken over any subsidiary or other entity with the result that the operations of SOCOFIDE, its financial position or the efficiency of its management are or may be adversely affected.

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 SOCOFIDE have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) the Borrower and SOCOFIDE have entered into the Subsidiary Loan Agreement in form and substance satisfactory to the Association, and the 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 Agreement;
- (c) the share capital of SOCOFIDE has been increased to Z2,000,000, under terms and conditions satisfactory to the Association and one-half thereof has been paid in; and
- (d) the Government Loans have been granted upon terms and conditions satisfactory to the Association.

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, SOCOFIDE and constitutes a valid and binding obligation of SOCOFIDE 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 Borrower and SOCOFIDE and constitutes valid and binding obligations of the Borrower

and SOCOFIDE in accordance with its terms, subject only to the effectiveness of this Agreement.

Section 6.03. The date of July 31, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be October 31, 1974 or such later date as shall be agreed to by the Association.

Section 7.02. Subject to the provisions of Section 7.03 below, the Minister of Finance is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The Borrower irrevocably designates SOCOFIDE as its representative for the purposes of taking any action required or permitted under the provisions of Section 2.03 of this Agreement and Article V of the General Conditions.

Section 7.04. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère des Finances
Boîte Postale 10
Kinshasa-Kalina
Democratic Republic of the Congo

Alternative address for cables:

Minifin
Kinshasa

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.

The Democratic Republic of the Congo:
By LOUIS-FERNAND NDUKI
Authorized Representative

International Development Association:
By J. BURKE KNAPP
Vice President

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 May 28, 1970, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and SOCIÉTÉ CONGOLAISE DE FINANCEMENT DU DÉVELOPPEMENT (hereinafter called SOCOFIDE), established pursuant to authorization given under *Ordonnance-loi* No. 70/001 dated January 9, 1970 of the Democratic Republic of the Congo (hereinafter called the Borrower):

WHEREAS by the Development Credit Agreement of even date herewith¹ between the Borrower and the Association, the Association has agreed to lend to the Borrower, for relending in Zaïres to SOCOFIDE, an amount in various currencies equivalent to five million dollars (\$5,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SOCOFIDE agree to undertake certain obligations towards the Association as hereinafter provided; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

¹ See p. 268 of this volume.

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 and in the General Conditions¹ (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS

Section 2.01. SOCOFIDE shall carry out the Project, described in Section 3.01 of the Development Credit Agreement, and conduct its operations and affairs, in accordance with sound financial and investment standards and practices, with qualified and experienced management and in accordance with its Statutes and Statement of Policy.

Section 2.02. (a) In accordance with and subject to the provisions of the Development Credit Agreement, SOCOFIDE shall submit Investment Projects to the Association for approval or for authorization for withdrawals to be made from the Credit Account.

(b) When submitting an Investment Project to the Association for approval pursuant to Section 2.03 *(b)* of the Development Credit Agreement, SOCOFIDE shall furnish to the Association an application, in form satisfactory to the Association, together with a description of such Investment Project (including a brief description of the costs thereof proposed to be met out of the proceeds of the Credit) and the terms and conditions of the sub-loan to or investment in the Investment Enterprise, including the schedule of amortization proposed therefor, a financial analysis thereof and such other information as the Association shall reasonably request.

(c) Each request by SOCOFIDE for authorization to make withdrawals from the Credit Account in respect of sub-loans for Investment Projects not requiring approval by the Association shall contain a summary description of the Investment Enterprise and the Investment Project (including a description of the costs proposed to be met out of the proceeds of the Credit), for which such authorization is requested and the terms and conditions of the sub-loan for such Investment Project, including the schedule of amortization therefor.

(d) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace, and, unless the Association and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date of approval by the Association of such Investment Project or of authorization by the Association to make withdrawals from the Credit Account in respect of such Investment Project, and (ii) shall provide for approximately equal, or reasonably

¹ See p. 284 of this volume.

increasing, semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, or reasonably increasing, semi-annual, or more frequent, payments of principal.

(e) Except as the Association and SOCOFIDE shall otherwise agree, SOCOFIDE shall submit applications for approval of Investment Projects pursuant to the provisions of paragraph (b) of this Section and requests for authorizations to withdraw from the Credit Account pursuant to the provisions of paragraph (c) of this Section on or before October 31, 1972.

Section 2.03. (a) SOCOFIDE 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 Investment Enterprises, the Investment Projects, the sub-loans and investments and the administration, operations and financial condition of SOCOFIDE.

(b) SOCOFIDE shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SOCOFIDE and shall enable the Association's representatives to examine such records.

Section 2.04. SOCOFIDE shall: (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited by independent auditors acceptable to the Association in accordance with sound auditing principles consistently applied; (b) furnish to the Association, as soon as available but, in any case, not later than three months after the end of each such year, certified copies of its audited financial statements for such year, and an audit report by the said auditors of such scope and in such detail as the Association shall have reasonably requested; and (c) furnish to the Association such other information concerning the accounts and financial statements of SOCOFIDE and the audit thereof as the Association shall from time to time reasonably request.

Section 2.05. (a) The Association and SOCOFIDE shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, the Association and SOCOFIDE shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by SOCOFIDE of its obligations under this Agreement and the Subsidiary Loan Agreement, the administration, operations and financial condition of SOCOFIDE and any other matters relating to the purposes of the Credit.

(b) SOCOFIDE shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by SOCOFIDE of its obligations under this Agreement or the Subsidiary Loan Agreement.

Section 2.06. (a) SOCOFIDE shall exercise its rights in relation to each In-

vestment Project financed in whole or in part with the proceeds of the Credit in such manner as to protect the interests of the Association and of SOCOFIDE.

(b) SOCOFIDE undertakes that, unless the Association shall otherwise agree, any sub-loan or investment will be made on terms whereby SOCOFIDE shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Association and of SOCOFIDE, including, in the case of any such sub-loan and to the extent that it shall be appropriate in the case of any such investment: (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) the right to require that the goods to be financed with the proceeds of the Credit shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Association and of SOCOFIDE to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Credit to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) the right to obtain all such information as the Association or SOCOFIDE shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of SOCOFIDE to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Credit upon failure by such Investment Enterprise to perform its obligations under its agreement with SOCOFIDE.

(c) SOCOFIDE shall take such steps satisfactory to the Association as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the various currencies (including Zaires) used in its borrowing and lending operations.

Section 2.07. Except as the Association and SOCOFIDE shall otherwise agree, SOCOFIDE shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of SOCOFIDE and all its subsidiaries then incurred and outstanding would exceed three times the consolidated capital and surplus of SOCOFIDE and all its subsidiaries.

For the purposes of this Section:

- (a) The term "debt" means any debt incurred by SOCOFIDE or any subsidiary maturing more than one year after the date on which it is originally incurred, including debt assumed or guaranteed by SOCOFIDE or by a subsidiary.
- (b) Wherever reference is made in this Section to the incurring of debt, such reference shall include any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement on the date and to the extent it is drawn down pursuant to such loan contract or

agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

- (c) Whenever in connection with this Section it shall be necessary to value in terms of Zaïres debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.
- (d) The term “consolidated debt of SOCOFIDE and all its subsidiaries” means the total amount of debt of SOCOFIDE and all its subsidiaries, excluding (i) debt owed by SOCOFIDE to any subsidiary or by any subsidiary to SOCOFIDE or to any other subsidiary, and (ii) debt referred to in paragraph (e) (ii) and (iii) of this Section.
- (e) The term “consolidated capital and surplus of SOCOFIDE and all its subsidiaries” means the aggregate of (i) the total unimpaired capital, surplus and free reserves of SOCOFIDE and of all its subsidiaries after excluding therefrom such amounts as shall represent equity interests of SOCOFIDE in any subsidiary, or of any such subsidiary in SOCOFIDE or in any other subsidiary, (ii) the amount of the Government Loans, and (iii) such amount of any other loan which the Association may determine to be included in the consolidated capital and surplus of the Borrower.

Section 2.08. SOCOFIDE shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, SOCOFIDE shall not take or concur in any action which would have the effect of assigning, or amending, abrogating or waiving any provision of, the Subsidiary Loan Agreement.

Section 2.09. Except as the Association and SOCOFIDE shall otherwise agree, SOCOFIDE: (i) shall not sell, lease, transfer or otherwise dispose of any of its property or assets, except in the ordinary course of business and (ii) shall take all action necessary to maintain its corporate existence and right to carry on operations and to acquire, maintain and renew all rights, powers, privileges and franchises necessary or useful in the conduct of its business.

Section 2.10. Except as the Association and SOCOFIDE shall otherwise agree, SOCOFIDE shall not make any repayment in advance of maturity in respect of any of its borrowings (other than deposits) having an original term exceeding one year.

Section 2.11. SOCOFIDE shall cause each of its subsidiaries (if any) to observe and perform the obligations of SOCOFIDE under this Agreement to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Section 2.12. SOCOFIDE shall not amend its Statement of Policy except in agreement with the Association, and shall consult with the Association on any proposal to modify its Statutes.

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 SOCOFIDE and of the Association hereunder shall terminate on the date when the Subsidiary Loan Agreement shall terminate in accordance with its terms or on October 31, 1987, whichever shall be the later.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power, or remedy of such party in respect of any other or subsequent default.

Section 4.02. 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:

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 SOCOFIDE:

Boîte Postale 1148
Kinshasa 1
Democratic Republic of the Congo

Alternative address for cables:

SOCOFIDE
Kinshasa

Section 4.03.(a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement or under Section 7.03 of the Development Credit Agreement on behalf of or by SOCOFIDE may be taken or executed by its President jointly with any Director, or by its Director General, or by such person or persons as they shall designate in writing.

(b) SOCOFIDE shall furnish to the Association sufficient evidence of the authority of each person who will act under paragraph *(a)* of this Section, together with the authenticated specimen signature of each such person.

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 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

Société congolaise de financement du développement:

By SERGE GUETTA
Authorized Representative
