

No. 10215

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UPPER VOLTA**

**Development Credit Agreement—*Telecommunications Project*,
(with annexed Credit Regulations No. 1, as amended, and
Project Agreement between the Association and the Office des
postes et télécommunications de Haute-Volta). Signed at
Washington on 18 February 1969**

Authentic text: English.

Registered by the International Development Association on 20 January 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
HAUTE-VOLTA**

**Contrat de crédit de développement — *Projet relatif aux télé-
communications* (avec, en annexe, le Règlement n° 1 sur les
crédits de développement, tel qu'il a été modifié, et le Contrat
relatif au Projet entre l'Association et l'Office des postes et
télécommunications de Haute-Volta). Signé à Washington
le 18 février 1969**

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 20 janvier 1970.

DEVELOPMENT CREDIT AGREEMENT ¹

AGREEMENT, dated February 18, 1969, between the REPUBLIC OF UPPER VOLTA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has undertaken a program for the improvement and expansion of its telecommunications services, such program to be carried out by its Office des Postes et Télécommunications; and

WHEREAS the Association is willing to make a development credit to the Borrower for use by said Office in carrying out such program, on terms and conditions set forth in the Development Credit Agreement and in the Project Agreement of even date herewith ² between the Association and said Office;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to the Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967 ³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Credit Regulations):

(a) Section 5.06 of the Credit Regulations is amended by inserting the words “, the Project Agreement ” after the words “ these Regulations ”.

(b) Section 6.02 of the Credit Regulations is amended by inserting the words “ or the Project Agreement ” after the words “ the Development Credit Agreement ”.

¹ Came into force on 11 July 1969, upon notification by the Association to the Government of Upper Volta.

² See p. 162 of this volume.

³ See p. 160 of this volume.

(c) The following subparagraph is added to Section 9.01 of the Credit Regulations:

“ 13. The term ‘ Project Agreement ’ shall have the meaning set forth in the Development Credit Agreement. ”

Section 1.02. Wherever used in the Development Credit Agreement or in the Schedules thereto, unless the context otherwise requires, the following terms have the following meanings:

(a) “ Office ” means the Office des Postes et Télécommunications of the Borrower established pursuant to Ordonnance No. 68-023/PRES/INFO/PT of June 10, 1968;

(b) “ Project Agreement ” means the project agreement between the Association and the Office of even date herewith, providing for the carrying out of the Project, as the same shall be amended from time to time by agreement between the Borrower, the Association and the Office.

(c) “ Subsidiary Loan Agreement ” means the agreement referred to in Section 3.01 of the Development Credit Agreement entered into between the Borrower and the Office, as the same may be amended from time to time with the approval of the Association.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to eight hundred thousand dollars (\$800,000).

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 Agreement and the Credit Regulations and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this 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 carrying out the Project and to be financed under the Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) for the c.i.f. (customs entry point in Upper Volta) price of goods produced, or for services supplied from, outside the territories of the Borrower and included under Categories A, B, D and E of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement; and
- (ii) the equivalent of forty per cent (40%) of such amounts as shall have been paid (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) for expenditures under Category C of said Schedule 1; provided, however, that if there shall be an increase in the estimate of expenditures under such Category C, the Association may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Credit then allocated to such Category C, and not withdrawn, may continue *pro rata* with the expenditures remaining to be made under such Category C.

(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 the date of this Agreement;
- (ii) any payment for any taxes or duties levied on the import of goods into the territory of the Borrower, such as customs duties, *droit fiscal*, *taxe de statistique*, *taxe forfaitaire*, or any other such taxes or duties as are applicable or which may be subsequently established; or
- (iii) expenditures made in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. The currency of the Republic of France is hereby specified for the purposes of paragraph (a) 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 April 15 and October 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 April 15 and October 15 commencing April 15, 1979 and ending October 15, 2018, each installment to and including the installment payable on October 15, 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 relend the proceeds of the Credit accorded under the Development Credit Agreement to the Office pursuant to a loan agreement between the Borrower and the Office (the Subsidiary Loan Agreement) containing terms and conditions satisfactory to the Association, and the Borrower shall cause such proceeds to be applied in accordance with the provisions thereof and of the Development Credit Agreement exclusively to financing the cost of goods required to carry out the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, the goods to be financed out of the proceeds of the Credit shall be procured in accordance with the procedures and subject to the conditions set forth in the Project Agreement.

Section 3.03. Except as the Borrower and the Association shall otherwise agree, all goods financed out of the proceeds of the Credit shall be used in the territory of the Borrower exclusively in the carrying out of the Project until the completion thereof.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Office to carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices, and shall make available to the Office under arrangements satisfactory to the Association, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall take all action which shall be necessary on its part to enable the Office to perform all of its obligations under the Project Agreement and shall not take any action which might interfere with such performance.

(c) Without limiting or restricting the Borrower's obligations under paragraph (b) of this Section, the Borrower specifically undertakes to enable the Office to establish and maintain tariffs at such levels as may be necessary for the Office to fulfill the requirements of Section 2.07 of the Project Agreement.

Section 4.02. 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, nor amend, abrogate or waive any provision of, the Subsidiary Loan Agreement.

Section 4.03. The Borrower shall consult with the Association prior to any amendment or supplement to the legislation and regulations under which the Office was established or is operating.

Section 4.04. (a) The Borrower shall take all measures, and provide, promptly as needed, all funds, necessary to ensure that the postal operations of the Office shall be carried out efficiently and that the resources, property or assets necessary to the efficient operation of the Office's telecommunications facilities shall in no way be utilized to support or finance any part of such postal operations.

(b) The Borrower shall promptly pay to the Office, on a current basis, all charges incurred by the Borrower in respect of telecommunications services billed to the Borrower by the Office as from January 1, 1969; such charges shall be computed on the basis of the telecommunications tariffs in effect at the time such services were furnished.

Section 4.05. (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 territory 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.

(c) The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of

the purposes of the Credit, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Development Credit Agreement.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territory of the Borrower for purposes related to the Credit.

Section 4.06. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territory, and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territory.

Section 4.07. This 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 territory 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 or in paragraph (b) or paragraph (c) of Section 5.02 of the Development Credit Agreement 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 paragraph (a) of Section 5.02 of the 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 the Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 5.01 of the Development Credit Agreement and of paragraph (k) of Section 5.02 of the Credit Regulations, the following additional events are specified:

- (a) The Office shall have failed to perform any covenant or agreement under the Project Agreement.
- (b) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower or any other authority having jurisdiction shall have

taken, without the agreement of the Association, any action for the dissolution or disestablishment of the Office or for the suspension of its operations.

- (c) Before the Project Agreement shall have terminated in accordance with its terms, any legislation of the Borrower governing the establishment, organization and operations of the Office shall have been materially amended without the agreement of the Association.

Article VI

EFFECTIVE DATE; TERMINATION

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

- (a) the execution and delivery of the Project Agreement on behalf of the Office have been duly authorized or ratified by all necessary corporate and governmental action; and
- (b) the Subsidiary Loan Agreement has been duly executed in form satisfactory to the Association and has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of the Development Credit Agreement.

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

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

Section 6.03. The date May 15, 1969 is hereby specified for the purposes of Section 8.04 of the Credit Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1972, or such other date as may from time to time be agreed between the Borrower and the Association.

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

For the Borrower:

Monsieur le Ministre des Finances et du Commerce
Ouagadougou, Upper Volta

Cable address:

Minifinance
Ouagadougou

For the Association:

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

Cable address:

Indevas
Washington, D.C.

Section 7.03. The Minister of the Borrower at the time responsible for finances 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 the 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 Upper Volta:

By Paul ROUAMBA
Authorized Representative

International Development Association:

By Mohamed SHOAI B
Vice President

SCHEDULE 1

ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Maximum Amounts Expressed in Dollar Equivalent</i>
A. Equipment, materials and supplies for local telephone subscribers' networks and outside line plant in Ouagadougou and Bobo-Dioulasso, including telephone cables, overhead line materials and accessories	154,000
B. Equipment, materials and supplies for overhead lines and telephone installations of the long-distance telecommunications network, including copper or bi-metal wires, poles, insulators, supporting and fitting accessories, terminal connections and trunk circuit accessories	435,000
C. Civil and construction works for Parts 1 and 2 of the Project	82,000
D. Miscellaneous equipment, supplies and materials for Part 3 of the Project (transport equipment, tools, mechanical aids, construction and installation accessories)	58,000
E. Engineering and supervision services and training of local personnel	30,000
F. Unallocated	41,000
	TOTAL: 800,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories A through E 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 F.

2. If the estimate of the cost of the items included in any of the Categories A through E shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit (or, in the case of Category C, an amount equal to 40% of such increase), will be allocated by the Association, at the request of the Borrower, to such Category from Category F, 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

DESCRIPTION OF THE PROJECT

The Project is part of the Office's construction and renewal program (1969-1971) for the expansion and rehabilitation of telecommunications services in Upper Volta. The Project consists of the following:

1. the construction, renewal and expansion of the local telephone subscribers' networks in Ouagadougou and Bobo-Dioulasso;
2. the reconditioning, improvement and expansion of the overhead lines and telephone installations of the long-distance telecommunications network;
3. additional equipment and materials for technical and administrative services of the Office for carrying out, directing or supervising the works under Parts 1 and 2 hereof, and to improve telecommunications operations;
4. the strengthening of the engineering and supervision of the Project and the training of local telecommunications personnel at all levels.

The Project is expected to be completed by December 31, 1971.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961
AS AMENDED 9 FEBRUARY 1967REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
WITH MEMBER GOVERNMENTS

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

PROJECT AGREEMENT

AGREEMENT, dated February 18, 1969, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and the OFFICE DES POSTES ET TÉLÉCOMMUNICATIONS DE HAUTE-VOLTA (hereinafter called the Office):

WHEREAS by a development credit agreement of even date herewith between the Republic of Upper Volta (hereinafter called the Borrower), and the Association (hereinafter called the Development Credit Agreement¹), the Association has agreed to make available to the Borrower an amount in various currencies equivalent to eight hundred thousand dollars (\$800,000), on the terms and conditions set forth in the Development Credit Agreement, to be relented to the Office, but only on condition that the Office agree to undertake certain obligations toward the Association as hereinafter provided; and

WHEREAS the Office, 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:

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 Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967² shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF THE OFFICE

Section 2.01. (a) The Office shall carry out the Project described in Schedule 2 to the Development Credit Agreement with due diligence and efficiency and in conformity with sound engineering, financial and public utility standards and practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In carrying out Parts 3 and 4 of the Project, the Office shall employ competent and experienced consultants acceptable to the Association to an extent and upon such terms and conditions as shall have been approved by the Association.

¹ See p. 142 of this volume.

² See p. 160 of this volume.

(c) The training of local telecommunications personnel under Part 4 of the Project shall be carried out with the assistance of competent and qualified instructors acceptable to the Association.

Section 2.02. The Office shall apply the proceeds of the Credit relent to it by the Borrower under the Subsidiary Loan Agreement exclusively to financing the cost of goods required to carry out the Project and, except as the Association shall otherwise agree, shall cause all goods financed out of such proceeds to be used exclusively in the carrying out of the Project until the completion thereof.

Section 2.03. Except as the Association shall otherwise agree:

- (i) the goods, other than services of consultants, 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 1 to the Project Agreement; and
- (ii) contracts for the procurement of all goods to be financed out of the proceeds of the Credit, except in respect of goods to which paragraph 3 of Schedule 1 to the Project Agreement is applicable, shall be subject to the approval of the Association.

Section 2.04. (a) The Office shall promptly furnish to the Association, upon request by the Association from time to time, the plans, specifications and work schedules for the Project, and any material modifications subsequently made therein, in such detail as the Association shall request.

(b) The Office shall: (i) maintain records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Office; and (ii) shall enable the Association's representatives to inspect the Project, the goods, all other plants, sites, works, property and equipment of the Office and any relevant records and documents.

(c) The Office shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the goods, the Project and the administration, operations and financial condition of the Office.

(d) The Office shall establish as of January 1, 1969, and shall maintain at all times thereafter, an effective system of accounting and of financial management based on sound commercial and accounting principles. Such system shall be fully operative not later than December 31, 1970, and shall provide for separate accounts for the

Office's postal operations, and for its telecommunications operations, and it shall show separately the internal flow of funds for each of these operations.

(e) The Office shall have its accounts relating to its telecommunications operations audited annually by independent accountants acceptable to the Association, and shall promptly after audited statements (balance sheet and related statement of earnings and expenses) are available, and not later than six months after the close of the Office's fiscal year to which they apply, transmit to the Association certified copies of such statements and a signed copy of the accountants' report.

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

(b) The Office 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 the Office of its obligations under the Project Agreement or the Subsidiary Loan Agreement.

Section 2.06. Until all the works under the Project shall have been completed, the Office shall not effect any changes in its telecommunications tariffs without prior consultation with the Association.

Section 2.07. (a) The Office shall carry out or cause to be carried out a full review of its telecommunications tariffs before December 31, 1971; on the basis of such review the Office shall establish, and thereafter maintain, a telecommunications rate structure and tariffs which shall provide to the Office revenue sufficient: (i) to cover the operating expenses of its telecommunications operations, and (ii) to produce an annual return on the current value of the net fixed telecommunications assets operated by the Office at a rate established by the Office after consultation with the Borrower and the Association, having due regard to future development requirements.

(b) For the purposes of this Section:

- (i) The annual rate of return shall be calculated by using as the denominator the average of the current value of net fixed telecommunications assets operated by the Office at the beginning, and at the end of the year in question and, as the numerator, the operating income of the Office from its telecommunications operations for that year.
- (ii) The term "current value of net fixed telecommunications assets" means the gross value of fixed telecommunications assets as revalued from time to time, less accumulated depreciation, based on appropriate valuation and depreciation methods approved by the Association.

- (iii) The term “ operating income ” means the difference between operating revenues and operating expenses.
- (iv) The term “ operating revenues ” means all revenues from telecommunications operations and other revenues incidental thereto.
- (v) The term “ operating expenses ” means all direct costs of operation by the Office of its telecommunications facilities, including a reasonable portion of overhead costs, adequate maintenance expenses, and an adequate provision for depreciation, but excluding interest and other charges on debt.

Section 2.08. (a) Except as the Association shall otherwise agree and subject to Section 2.08 (c) hereof, the Office shall not incur any debt other than pursuant to the Subsidiary Loan Agreement, unless its net revenues from telecommunications operations for the preceding fiscal year or for any later twelve-month period, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt including the debt to be incurred.

(b) The Office shall incur no debt during the period of execution of the Project and during the period of five years following the completion of the Project without prior consultation with the Association.

(c) For the purposes of this Section:

- (i) The term “ debt ” means all indebtedness of the Office, and all indebtedness incurred by the Borrower on behalf of the Office, relating to its telecommunications operations, except: (A) indebtedness representing money borrowed in the ordinary course of business and maturing by its terms on demand or not more than one year after incurrence, to the extent that the amount of such indebtedness at any time outstanding does not exceed 17% of the Office’s total telecommunications operating expenses excluding depreciation for the preceding fiscal year or for any later twelve-month period, whichever is greater; and (B) indebtedness which is incurred in the ordinary course of business other than for money borrowed and which is payable not more than one year after its incurrence.
- (ii) The term “ incur ” with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.
- (iii) The term “ net revenues ” means gross revenues from telecommunications operations and other revenues incidental thereto, adjusted to take account of the Office’s telecommunications tariffs in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating, maintenance and administrative

expenses and provision for taxes, if any, but before provision covering depreciation and debt service requirements.

- (iv) The term “ debt service requirement ” means the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt.
- (v) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of 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 or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Association.

Section 2.09. Except as the Association shall otherwise agree, the Office shall not create nor permit to be created any mortgage, pledge, charge or other lien on any of its property or assets necessary to its telecommunications operations; provided, however, that the foregoing provision of this Section shall not apply (i) to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) to any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 2.10. (a) Except as the Association shall otherwise agree, the Office shall at all times maintain its existence and right to carry on its telecommunications operations and shall take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Office shall at all times operate and maintain its plants, equipment and other property, and shall promptly make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

(c) The Office shall not, without the prior approval of the Association, sell, lease, transfer or otherwise dispose of any of its property or assets which shall be required for efficient telecommunications operations.

Section 2.11. (a) The Office shall at all times manage its affairs, maintain its financial position and carry on its telecommunications operations, in accordance with sound business, financial and public utility practices, and under the supervision of competent and experienced management.

(b) The Office shall appoint no Director, Chief Financial Officer or Chief Engineer for its telecommunications operations, without prior consultation with the Association and without giving due consideration to the views expressed by the Association with respect to the qualifications and experience of the persons proposed for such appointments.

(c) The Office shall take all measures required to institute and maintain adequate telecommunications personnel recruitment and training policies and, in particular, shall provide all funds and facilities necessary for the training of its vocational and higher level personnel, with due regard to the development needs of the Office, and in accordance with sound management and financial practices.

Section 2.12. (a) The Office shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

(b) Without limiting the generality of the foregoing, the Office undertakes to insure the imported goods financed out of the proceeds of the Credit against marine, transit and other hazards incident to the 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 Office to replace or repair such goods.

Section 2.13. The Office shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association and the Office shall otherwise agree, the Office shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

Article III

EFFECTIVE DATE; TERMINATION; CANCELLATION AND SUSPENSION

Section 3.01. The Project Agreement shall come into force and effect on the Effective Date. If the Development Credit Agreement terminates pursuant to Section 6.03 thereof, the Association shall promptly notify the Office of this event and, upon the giving of such notice, the Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. The Project Agreement and all obligations of the Office and of the Association hereunder shall terminate on the later of:

- (i) the date when the Subsidiary Loan Agreement shall terminate in accordance with its terms, or

(ii) December 31, 1988.

Section 3.03. Notwithstanding any cancellation or suspension under the Development Credit Agreement, all the provisions of the Project Agreement and all the applicable provisions of the Credit Regulations shall continue in full force and effect, except as specifically provided in Article V of the Credit Regulations.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice or request required or permitted to be given or made under the Project Agreement and any agreement between the parties contemplated by the 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 such party's 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

Cable address:

Indevas
Washington, D.C.

For the Office:

Office des Postes et Télécommunications de Haute-Volta
Ouagadougou, Upper Volta

Cable address:

Ofipostel
Ouagadougou

Section 4.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the 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 4.03. The Office shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Office, take any action or execute any documents required or permitted to be taken or executed by the Office pursuant to any of the provisions of the Project Agreement and the authenticated specimen signature of each such person.

Section 4.04. Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Project Agreement or the Subsidiary Loan Agreement on behalf of the Office may be taken or executed by the Director of the Office or such other person or persons as the Office shall designate in writing.

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

International Development Association:

By Mohamed SHOAIB
Vice President

Office des Postes et Télécommunications de Haute-Volta:

By Hama Arba DIALLO
Authorized Representative

SCHEDULE 1

PROCUREMENT OF GOODS

1. With respect to goods in Categories A, B, and D as set out in Schedule 1 to the Development Credit Agreement, identical or similar items of equipment and accessories thereto will be grouped together wherever practicable for purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Association. Such procurement shall be on the basis of the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968 (hereinafter referred to as the Guidelines).

2. Prior to inviting bids with respect to items or groups of items in such Categories A, B, or D of said Schedule 1, expected to cost the equivalent of \$25,000 or more, the Office shall submit to the Association, for approval, a description of the advertising procedures to be used, and copies of specifications, invitations to bid, and draft contract documents. Before awarding any such contract, the Office shall submit to the Association for approval evidence of advertising, the analyses and evaluation by the Office of bids received, the consultants' recommendations, and the Office's proposals for awards. If a proposed final contract differs substantially from the terms and conditions contained in the documents previously approved by the Association, the text of the proposed changes will be submitted to the Association for review and approval prior to the execution of the contract. One conformed copy of each contract for any such items or groups of items to be financed out of the proceeds of the Credit shall be sent to the Association promptly after execution.

3. In respect of contracts for the procurement of items or groups of items in such Categories A, B, or D of such Schedule 1 expected to cost less than the equivalent of \$25,000, a description of the advertising and bidding procedures used, the specifications and the bid evaluation report, as well as one conformed copy of each such contract, 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.

4. With respect to the civil and construction works in Category C of Schedule 1 to the Development Credit Agreement, the Office shall give the invitations to bid regional advertising coverage acceptable to the Association. Contracts with respect to such civil and construction works shall be awarded after approval by the Association of an abstract of all bids received, of the Office's evaluation thereof and of the Office's proposals concerning such contracts and the awards. Such contracts shall be awarded to the bidder or bidders offering the lowest evaluated bid determined to be the most favorable in regard to technical and financial considerations and practices, and one conformed copy of each signed contract with respect to such civil and construction works shall be sent to the Association promptly after execution.

5. Whenever a contract under the Project is awarded to a supplier or to a contractor not registered in Upper Volta, the Office shall facilitate the accomplishment by such supplier or contractor of all regulatory formalities which may be required to enable it to carry out such contract.