

No. 10218

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BURUNDI**

**Development Credit Agreement—*Coffee Improvement Project*
(with annexed Credit Regulations No. 1, as amended). Signed
at Washington on 11 April 1969**

Authentic text: English

Registered by the International Development Association on 20 January 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
BURUNDI**

Contrat de crédit de développement — *Projet relatif à l'amélioration de la caféiculture* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 11 avril 1969

Texte authentique: anglais

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

DEVELOPMENT CREDIT AGREEMENT ¹

AGREEMENT, dated April 11, 1969, between the REPUBLIC OF BURUNDI (hereinafter called the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association):

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961, as amended February 9, 1967 ² (said Development Credit Regulations No. 1 being hereinafter called the Regulations) with the same force and effect as if they were fully set forth herein.

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

(a) "OCIBU" means the Office des Cultures Industrielles du Burundi established and operating under Royal Decree No. 001/464 of June 18, 1964 and includes any successor thereto;

(b) "Project Area" means the region of about 600 square kilometers around and including Ngozi and Kayanza, in Ngozi province of north-central Burundi.

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 one million eight-hundred thousand dollars (\$1,800,000).

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.

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

² See p. 244 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(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations and in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 as provided in such Schedule or by agreement between the Borrower and the Association.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods required for the Project and to be financed under this Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for expenditures, in currencies other than that of the Borrower for equipment, materials and supplies under Category I of the allocation set forth in Schedule 1 to this Agreement; and
- (ii) the equivalent of 70% of such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for expenditures under Category II of said Schedule 1; provided, however, that if there shall be an increase in the estimate of such expenditures, 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 and not withdrawn, continue *pro rata* with the expenditures remaining to be made under such Category.

(b) Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals shall be made on account of any expenditures for the Project made prior to the date of this Agreement.

Section 2.04. 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 2.05. Service charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 1 and November 1 commencing May 1, 1979 and ending November 1, 2018, each instalment to

and including the instalment payable on November 1, 1988 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Section 2.07. The currency of the United States of America is hereby specified for purposes of Section 3.02 of the Regulations.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall make available the proceeds of the Credit to OCIBU through extraordinary budget allocations, to be applied in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Association in February, 1968 and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of all goods shall be subject to the approval of the Association.

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 exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out by OCIBU with due diligence and efficiency and in accordance with sound agricultural, engineering, economic and financial policies and practices and shall make available promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In carrying out the Project the Borrower shall cause to be employed by OCIBU a competent and experienced Project Manager, an Extension Officer, a Training Officer and a Processing Officer, as well as other appropriate personnel, acceptable to the Borrower and the Association, to comprise a Project Department. The nature and scope of the responsibilities of the senior personnel

of such Department, and the other terms and conditions of their employment, shall be determined by agreement between the Borrower, acting after the date of this Agreement through OCIBU, and the Association.

(c) The works and facilities included in the Project shall be constructed to general design standards satisfactory to the Borrower and the Association. Upon request from time to time by the Association, the Borrower shall promptly cause to be furnished to the Association the plans, specifications and work schedules for the Project, and any material modifications subsequently made therein, in such detail as the Association shall request.

(d) To construct the civil works included in the Project, the Borrower shall cause to be employed by OCIBU, on terms and conditions satisfactory to the Borrower and the Association, qualified and experienced contractors acceptable to the Borrower and the Association.

(e) The Borrower shall maintain or cause to be maintained 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 expenditures and availability of funds in respect of the works and facilities included in the Project, of OCIBU and of any other department or agency of the Borrower responsible for the construction, operation or maintenance of such works and facilities or any part thereof and shall enable the Association's representatives to inspect the Project, the operation of the works and facilities included therein, the goods and any relevant records and documents.

Section 4.02. The Borrower shall cause the works and facilities included in the Project to be operated and maintained, and to be renewed from time to time as necessary, in accordance with sound agricultural, engineering, economic and financial policies and practices.

Section 4.03. (a) The Borrower shall cause OCIBU to have such powers, facilities and resources as are necessary for the diligent and efficient carrying out and operation of the Project.

(b) Any import, exchange or other licenses required for the importation of goods for the Project shall be issued by the Borrower without delay, and all such goods shall be exempt from any tax on the importation thereof.

Section 4.04. (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Development Credit Agreement, the administration, operations and financial condition with respect to the Project, of OCIBU and of any other agency of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Credit.

(b) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the Credit and the maintenance of the service thereof, the expenditure of the proceeds of the Credit, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition with respect to the Project, of OCIBU and of any other agency of the Borrower responsible for the carrying out of the Project or any part thereof. 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.

(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.

Section 4.05. As part of the information to be furnished under Section 4.04 (b) above, the Borrower shall, within three months following the close of each fiscal year of OCIBU, furnish to the Association appropriate financial statements and reports certified by auditors acceptable to the Association.

Section 4.06. 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 4.07. This 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, issue, delivery or registration thereof.

Section 4.08. Except as the Association and the Borrower shall otherwise agree, 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 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 Borrower to replace or repair such goods.

Section 4.09. (a) The Borrower shall at all times provide or cause to be provided to OCIBU appropriate short-term credit in adequate amounts for the operation of the pulping factories constructed under the Project.

(b) The Borrower shall also provide the necessary funds and personnel to provide agricultural extension and other technical services in the Project Area after completion of the Project and shall at all times cause such services to be made available to growers and processors through an adequate staff of officers trained in techniques appropriate to the Project. For the purpose, OCIBU's Project Department will be adequately staffed with trained personnel for the supervision and execution of field work, and trained agricultural officers and *moniteurs* will be made available in adequate numbers either from the Ministry of Agriculture and Animal Husbandry or the Gitega and Karuzi schools, as and when required.

Section 4.10. The rate of *taxe rémunératoire* on coffee exports shall be adjusted from time to time by the Borrower to such levels as shall be necessary to provide OCIBU with funds sufficient to cover its annual operating expenses attributable to coffee. The Borrower shall inform the Association prior to any change in the current procedures for assessing and collecting such tax.

Section 4.11. Subsidies currently provided by the Borrower to coffee growers in the Project Area in respect of fertilizers, small farm tools and similar items shall be progressively reduced or withdrawn over a period of time to be agreed between the Borrower and the Association.

Section 4.12. 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.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof, the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. If this Development Credit Agreement shall not have come into force and effect by July 15, 1969, this Development Credit Agreement and all obligations hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date for withdrawals from the Credit Account shall be December 31, 1973 or such later date as may be agreed between the Borrower and the Association.

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

For the Borrower:

Ministère des Finances
Boîte Postale 1830
Bujumbura
Burundi

Cable address:

Minifinance
Bujumbura

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 Finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

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

Republic of Burundi:

By Terence NSANZE
Authorized Representative

International Development Association:

By J. Burke KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>U.S. Dollar Equivalent</i>
I. Imported Equipment, Materials and Supplies:	
(a) Vehicles and pulping factory equipment	38,000
(b) Pesticides and fertilizers	543,000
(c) Small farm tools and materials	84,000
II. Locally Procured Equipment, Materials and Services:	
(a) Civil works, construction materials, and services	197,000
(b) Drying trays	154,000
(c) Salaries and wages for technical services	621,000
III. Unallocated	163,000
	TOTAL 1,800,000

REALLOCATIONS UPON CHANGES IN COST ESTIMATES

1. If the estimate of the cost of items under Categories I or II 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 III.

2. If the estimate of the cost of items under Categories I or II shall increase, the Association will, at the request of the Borrower, reallocate from Category III to the appropriate Category an amount equivalent, in the case of Category I, to the portion, if any, of such increase to be financed out of the proceeds of the Credit, and in the case of Category II, an amount equal to 70% of such increase, subject, however, to the requirements, as determined by the Association, for contingencies in respect of the cost of the items in other Categories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the improvement over a five-year period of the production and quality of coffee from about seven million existing coffee trees in the Project Area, and includes the following:

- (1) The creation of a Project Department within OCIBU comprising supervisory and field personnel for the management of the Project and the extension of improved coffee production methods, including pulping, fermenting and drying;
- (2) The provision of in-service training for extension and processing personnel;
- (3) The procurement, operation and maintenance of vehicles for supervisory and extension personnel;
- (4) The provision of housing for field workers;
- (5) The procurement of equipment and materials for the implementation of fertilizer trials on plantations in Ngozi province, which will be executed by the Institut des Sciences Agronomiques du Burundi;
- (6) The procurement and distribution to participating growers of pesticides, fertilizer, pruning tools, drying trays and hand pesticide dusters;
- (7) The initiation and operation of a fertilizer sales program;
- (8) The construction, operation and maintenance of four pulping and fermenting factories, to process about 400 tons annually of coffee of export quality;
- (9) The improvement, operation and maintenance of about 80 existing communal pulping centers; and
- (10) The improvement and maintenance of about 350 small bridges on existing coffee tracks.

The Project is expected to be completed by the end of 1973.

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.*]