

No. 10956

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
MADAGASCAR**

**Development Credit Agreement—*Lake Alaotra Irrigation Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 17 August 1970**

*Authentic text: English.*

*Registered by the International Development Association on 24 February 1971.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
MADAGASCAR**

**Contrat de crédit de développement — *Projet d'irrigation de la région du lac Alaotra* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 17 août 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 24 février 1971.*

## DEVELOPMENT CREDIT AGREEMENT<sup>1</sup>

AGREEMENT, dated August 17, 1970, between MALAGASY REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Borrower intends to obtain financial assistance from Fonds d'Aide et de Coopération, an agency of the French Government, part of which will assist in financing technical assistance and extension for the Project;

(C) The Borrower has, by Decree No. 61-359 dated July 12, 1961, established the *Aire de Mise en Valeur Rurale du Lac Alaotra*;

(D) The Borrower has entrusted to Société Malgache d'Aménagement du Lac Alaotra by Decree No. 66-013 dated January 5, 1966 the responsibility of carrying out the program of agricultural development of the *Aire de Mise en Valeur Rurale du Lac Alaotra*, pursuant to a *cahier des charges* approved by Decree No. 66-014 dated January 5, 1966, as such *cahier* may be amended to reflect the provisions of this Agreement;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

<sup>1</sup> Came into force on 5 November 1970, upon notification by the Association to the Government of Madagascar.

<sup>2</sup> See p. 134 of this volume.

*Section 1.02.* Wherever used in this 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) "Project Area" means the area known as "PC 23", *Périmètre de Colonisation 23*, located in the southwest quadrant of the Lake Alaotra depression, near the junction of the Sahabe and the Sahamilahy Rivers, and defined in the Borrower's Decree No. 61-359 referred to in paragraph (C) of the Preamble to this Agreement;

(b) "AMVR" means the *Aire de Mise en Valeur Rurale du Lac Alaotra* established pursuant to the Borrower's Decree No. 61-359 referred to in paragraph (C) of the Preamble to this Agreement;

(c) "BNM" means Banque Nationale Malagasy de Développement, a *société financière et de crédit d'intérêt national* of the Borrower, established under the Borrower's Law No. 61-029 of October 18, 1961 and pursuant to *Statuts* published in the Borrower's *Journal Officiel* on February 9, 1963;

(d) "FMG" means Malagasy Franc in the currency of the Borrower;

(e) "GR" means *Génie Rural*, the Rural Engineering Services of the Borrower's Ministry of Agriculture;

(f) "Private estate owner" means the owner of an estate of about 900 hectares located within the Project Area; and

(g) "SOMALAC" means Société Malgache d'Aménagement du Lac Alaotra, a *société d'économie mixte* of the Borrower, established pursuant to Decree No. 61-126 dated March 9, 1961 and to *Statuts* adopted on February 15, 1963, and includes any successor thereto.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars (\$5,000,000).

*Section 2.02.* The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule I to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project

and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

*Section 2.03.* The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

*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 April 15 and October 15 in each year.

*Section 2.06.* 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 October 15, 1980 and ending April 15, 2020, each installment to and including the installment payable on April 15, 1990 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.

*Section 2.07.* The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### *Article III*

#### EXECUTION OF THE PROJECT

*Section 3.01.* (a) The Borrower shall carry out Parts A, B, C, D and E of the Project, and shall cause SOMALAC to carry out Parts F, G and H of the Project, with due diligence and efficiency and in conformity with sound administrative, agricultural and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall make available to SOMALAC such amounts as shall be withdrawn from the Credit Account in respect of Part H of the Project.

(c) Without in any way restricting or limiting its obligations under paragraph (a) of this Section, the Borrower shall cause BNM to lend to SOMALAC, for the purpose of the Project and at the annual rate of interest usually practiced by BNM for such category of operations, an amount in various currencies equivalent to \$700,000, of which an amount equivalent to

\$400,000 for on-farm development equipment shall be lent for a term of five years, and the remaining amount equivalent to \$300,000 for FMG expenditures for on-farm development shall be lent for a term of fifteen years.

*Section 3.02.* In order to ensure adequate overall coordination of all aspects of the Project, the Borrower shall promptly establish, and thereafter maintain, at least until completion of the Project, a Project coordination committee which shall include high ranking representatives of the Central Development Service (Service Central de Mise en Valeur) of the Ministry of Agriculture of the Borrower, of GR and of SOMALAC; which shall have the authority, the staff and the resources necessary to enable it to fulfill such function; and which shall propose concrete recommendations to the Borrower in respect of any difficulties or problems encountered.

*Section 3.03.* In order to assist the Borrower in the planning, design and supervision of the Project works, and in the procurement of operation and maintenance equipment for the Project, the Borrower shall employ or continue to employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

*Section 3.04.* (a) In carrying out Parts A, B and C of the Project, the Borrower shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) The design of the irrigation and drainage networks included in the Project shall be in accordance with sound and generally accepted engineering practices for peat soils.

*Section 3.05.* (a) Except as the Association shall otherwise agree, (i) the goods and services (other than services of consultants) required for the Project and 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Association and the Borrower, and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the Credit shall (except as otherwise provided in such Schedule) be subject to the prior approval of the Association.

(b) The Borrower undertakes to insure, or make adequate provision for insurance of, 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.

(c) Except as the Association shall otherwise agree, all goods and services financed out of the proceeds of the Credit shall be used exclusively for the Project until its completion, and all operation and maintenance equipment so financed shall thereafter continue to be used primarily in the Project Area.

*Section 3.06.* (a) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, procurement and construction schedules for the Project, and any material modifications or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain, and shall cause GR and SOMALAC to maintain, records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit, the goods and services financed out of such proceeds.

#### Article IV

#### OTHER COVENANTS

*Section 4.01.* (a) The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SOMALAC and, in respect of the Project, of GR and of any other department or agency of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall cause copies of the records maintained by GR pursuant to paragraph (a) of this Section, in respect of operations related to the Project, to be sent annually to the Association not later than six months after the end of the year to which they relate.

(c) The Borrower shall cause SOMALAC to: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors

acceptable to the Association; (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iii) furnish to the Association such other information concerning the accounts and financial statements of SOMALAC and the audit thereof as the Association shall from time to time reasonably request.

*Section 4.02.* In the design and operation of the irrigation and drainage works included in the Project, the Borrower shall take or cause to be taken all measures necessary in order to safeguard, within the Project Area, the top layer of peat soil existing in March 1970.

*Section 4.03.* The Borrower shall ensure that no irrigation development other than the Project shall take place upstream of the rivers supplying water to the Project Area, and that no pollution of the waters of such rivers shall be permitted which might have an adverse effect on the agricultural development of the Project Area.

*Section 4.04.* (a) The Borrower shall distribute or cause to be distributed to farmers, in plots of about four to five net cultivable hectares, the land located in the Project Area which is managed by SOMALAC, as and when the irrigation and drainage works affecting such plots are completed.

(b) Such distribution shall be in the form of a contract acceptable to the Association to be entered into by the Borrower, SOMALAC and each farmer in respect of each such plot, which shall provide, *inter alia*, that each such farmer shall pay to SOMALAC annual charges over a period normally of fifteen years, and upon completion of such payments, shall become the owner of such plot.

*Section 4.05.* In respect of the provision by SOMALAC of extension services in the Project Area, the Borrower shall:

- (a) enable SOMALAC to employ and retain competent Malagasy personnel for key positions, pursuant to a schedule agreeable to the Borrower and the Association, by offering to such personnel salaries or other benefits commensurate with the increased responsibilities and more difficult living and working conditions prevailing in the Project Area;
- (b) cause SOMALAC to provide to the Association adequate information relating to the experience and competence of the individuals proposed to be appointed to such key positions before effecting such appointments; and

- (c) cause SOMALAC to continue to provide such extension services after completion of the Project during a period of fifteen years, and the Borrower shall provide such services thereafter.

*Section 4.06.* (a) The Borrower shall cause SOMALAC to operate and maintain all irrigation and drainage works in the Project Area until a date fifteen years after the completion of the Project.

(b) The operation and maintenance equipment to be procured under Category III of the allocation of the proceeds of the Credit set forth in paragraph 1 of Schedule 1 to this Agreement shall be assigned to SOMALAC for use on the Project during such period. SOMALAC shall lease the excavators included therein, complete with operators-trainees and accessory equipment, to the contractor responsible for the construction of the main drain and the terms and conditions of such lease shall be specified in the civil works contract entered into between the Borrower and such contractor.

(c) After the date referred to in paragraph (a) hereof, the operation and maintenance of all such irrigation and drainage works shall become the responsibility of GR, unless otherwise agreed between the Borrower and the Association.

*Section 4.07.* The Borrower shall pay to SOMALAC in each year an amount such that, together with the aggregate amount collected by SOMALAC in that year from the annual charges referred to in Section 4.04 (b) of this Agreement, SOMALAC shall be able to:

- (i) cover the cost of providing extension services in the Project Area under Part G of the Project and under Section 4.05 (c) of this Agreement and of operating and maintaining the irrigation and drainage works pursuant to Section 4.06 (a) and (b) of this Agreement; and
- (ii) amortize, over a period of 15 years, the cost to it of land acquisition and of on-farm development (including financial charges) in respect of the Project Area.

*Section 4.08.* (a) The Borrower shall collect or cause to be collected from the Private estate owner and from farmers after becoming owners of land pursuant to Section 4.04 (b) of this Agreement, a maintenance fee equal to the *pro rata* cost of operation and maintenance in the Project Area per hectare per year, and, during the first fifteen years following the date of this Agreement, the proceeds of such collection shall accrue to SOMALAC.

(b) The Borrower shall collect from each farmer a betterment levy (*participation à la valorisation des terres irriguées*), starting in the year in which each farmer becomes the owner of a plot of land within the Project Area pursuant to Section 4.04 (b) of this Agreement and ending twenty-five years thereafter, and such levy shall be in such amount per hectare per year as shall be required to enable the Borrower to recover, from all farmers in the Project Area, over a period of twenty-five years, the aggregate cost (excluding interest) of all capital investments in the irrigation and drainage works included in the Project.

### Article V

#### CONSULTATION AND INFORMATION

*Section 5.01.* The Borrower and the Association shall cooperate fully to assure 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:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial conditions of SOMALAC and, in respect of the Project, of GR and any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

*Section 5.02.* (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition of SOMALAC and, in respect of the Project, of GR and any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) 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 other obligations under the Development Credit Agreement.

(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.

### *Article VI*

#### TAXES AND RESTRICTIONS

*Section 6.01.* 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 territories.

*Section 6.02.* The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 6.03.* The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

### *Article VII*

#### REMEDIES OF THE ASSOCIATION

*Section 7.01.* If any event specified in Section 7.01 of the General Conditions 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 and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

### *Article VIII*

#### EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the coordination committee referred to in Section 3.02 of this Agreement shall

have been established and representatives of the Central Development Service of the Ministry of Agriculture of the Borrower, of GR and of SOMALAC on such committee shall have been designated.

*Section 8.02.* The date November 16, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 8.03.* The obligations of the Borrower under Sections 3.05 (c), 4.01 (a) and (c), 4.04, 4.05 (a) and 4.06 of this Agreement shall terminate on the date on which the Development Credit Agreement shall terminate or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

### *Article IX*

#### REPRESENTATIVE OF THE BORROWER; ADDRESSES

*Section 9.01.* The Minister of the Borrower responsible for Finance is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

*Section 9.02.* The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère des Finances  
Tananarive  
Malagasy Republic

Cable address:

Minfin  
Tananarive

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.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of

Columbia, United States of America, as of the day and year first above written.

Malagasy Republic:

By JULES A. RAZAFIMBAHINY  
Authorized Representative

International Development Association:

By S ALDEWERELD  
Vice President

### SCHEDULE 1

#### WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Civil works, including buildings for the experimental station . . .	2,900,000	84% of total expenditures
II. Engineering and supervision services . . . . .	500,000	84% of total expenditures
III. Operation and maintenance equipment, including equipment for the experimental station and the excavators . . . . .	590,000	100% of foreign expenditures
IV. Experiments on crop diversification and rural development study	200,000	90% of total expenditures
V. Unallocated . . . . .	810,000	
TOTAL	<u>5,000,000</u>	

2. For the purposes of this Schedule:

- (a) the term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any member of the Bank (other than the Borrower) or of Switzerland;

- (b) the term “local expenditures” means expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and
- (c) the term “total expenditures” means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures prior to the date of this Agreement; and
- (b) payments for taxes imposed by the Borrower or any of its political subdivisions on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under any of the Categories I, II or IV shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project is the agricultural development of the Project Area and consists of the following parts:

- A. The rehabilitation of the main canal and drainage works on about 4,000 hectares presently irrigated.

- B. The construction of irrigation, drainage and road networks on about 6,000 hectares of newly reclaimed areas and the construction of a drainage network on about 2,000 hectares to be dry-farmed.
- C. The construction of the main drainage outfall toward Lake Alaotra.
- D. The provision to SOMALAC of equipment for the operation and maintenance of the irrigation and drainage works in the Project Area.
- E. A rural development study in the Project Area.
- F. The implementation of on-farm development works on about 7,000 hectares.
- G. The provision of agricultural extension services in the Project Area.
- H. Carrying out a program of experiments in crop diversification.

The Project is expected to be completed by December 31, 1975.

### SCHEDULE 3

#### PROCUREMENT

1. With respect to the goods and services included in Categories I and III of the allocation of the proceeds of the Credit set forth in paragraph 1 of Schedule 1 to this Agreement, items to be procured shall be grouped together whenever practicable for the purposes of bidding in amounts sufficient to attract international competitive bidding as specified in Section 3.05 (a) of this Agreement, provided, however, that contracts for such minor items or groups of items as are expected to cost not more than the equivalent of \$5,000 need not be submitted to international competitive bidding so long as such minor items or group of items shall not exceed, in the aggregate, the equivalent of \$50,000.

2. In respect of any contract for civil works expected to cost less than the equivalent of \$50,000 and in respect of any contract for the procurement of operation and maintenance equipment expected to cost less than the equivalent of \$10,000, the approval of the Association is not required before execution but conformed copies of such contracts will be submitted to the Association promptly upon their execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

3. In respect to all other contracts for civil works or for the procurement of equipment included in such Categories I and III, the procedures outlined below are to be followed:

- (a) Not less than one month before invitations to bid are issued, a copy of such invitations, and the draft forms of contract, of specifications and of other bidding documents, together with a complete description of the international advertising procedures to be used, will be submitted to the Association for approval.

- (b) After bids have been received and analyzed and before a contract is awarded, a copy of the analysis of bids together with the recommendations of the engineering consultants and the proposals for the award stating the reasons for such proposals will be submitted to the Association for approval.
- (c) If the proposed final contract is to differ substantially from the terms and conditions contained in the documents approved by the Association under (b) and (c) above, a copy of the text of the proposed changes will be submitted to the Association for approval before the signature of the contract.
- (d) Promptly after the signature of each contract, two conformed copies thereof will be sent to the Association.
- (e) If during the term of a contract there is any change or addition which is in excess of 10% of the original value of such contract, a copy of the proposed amendment to the contract, or of the proposed variation order thereunder, will be submitted to the Association for its approval.

4. Contracts for procurement of operation and maintenance equipment (including the excavators) shall, where appropriate, require the provision of fully experienced technical personnel to supervise the assembly of the equipment for a specified period of time. The cost of providing this service, including transportation, subsistence, and all other associated costs, shall be a separate item of the equipment bid.

5. The civil works contract which includes excavation of the main drain shall provide that the excavators included in such Category III, with operators-trainees, will be leased to the successful bidder by SOMALAC on an hourly basis. The rate to be charged and the conditions of the lease should be specified in detail in the bidding and contract documents relating to such contract.

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.*]