

No. 10961

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
MADAGASCAR**

**Development Credit Agreement—*Tamatave Port Project*  
(with annexed General Conditions Applicable to De-  
velopment Credit Agreements). Signed at Washington  
on 19 June 1970**

*Authentic text: English.*

*Registered by the International Development Association on 26 February 1971.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
MADAGASCAR**

**Contrat de crédit de développement — *Projet relatif au Port  
de Tamatave* (avec, en annexe, les Conditions générales  
applicables aux contrats de crédit de développement).  
Signé à Washington le 19 juin 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 26 février 1971.*

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

AGREEMENT, dated June 19, 1970, between the MALAGASY REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

### *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).

*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) "Port Autonome de Tamatave" means the Authority to be established pursuant to the provisions of the legislation and regulations referred to in Section 8.01 (a) of this Agreement and relating to the operation, maintenance and development of the facilities of the Port of Tamatave, and includes any successor thereto;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Port Autonome de Tamatave pursuant to Section 3.03 (a) of this Agreement, as the same may be amended from time to time with the approval of the Association; and

(c) "Malagasy Francs" means francs in the currency of the Borrower.

<sup>1</sup> Came into force on 27 November 1970, upon notification by the Association to the Government of Madagascar.

<sup>2</sup> See p. 276 of this volume.

*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 nine million six hundred thousand dollars (\$9,600,000).

*Section 2.02.* Except as the Borrower and the Association shall otherwise agree, the amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement 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 described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that 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 December 31, 1974 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 June 15 and December 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 June 15 and December 15, commencing December 15, 1980 and ending June 15, 2020, each installment to and including the installment payable on June 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.* The Borrower shall carry out, or cause Port Autonome de Tamatave to carry out, the Project with due diligence and efficiency and

in conformity with sound administrative, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

*Section 3.02.* (a) The Borrower shall, as of such date as shall be agreed between the Borrower and the Association, which date shall in no event be later than April 1, 1971: (i) cause Port Autonome de Tamatave to have such organization, resources, financial structure and policies as shall be agreed between the Borrower and the Association and to be responsible for the operation, maintenance and development of facilities at the Port of Tamatave, within boundaries to be agreed with the Association; and (ii) transfer or cause to be transferred to Port Autonome de Tamatave, on terms and conditions as agreed with the Association, all facilities, equipment, machinery and other property necessary to the operations of the Port of Tamatave, as well as all assets and liabilities relating thereto, such assets being valued, for the purposes of such transfer, as determined as the result of the valuation of fixed assets included in Part G of the Project.

(b) The Borrower shall take all steps necessary on its part to ensure that Port Autonome de Tamatave shall at all times after its establishment:

- (i) maintain its existence and right to carry on operations;
- (ii) take all steps necessary to acquire, maintain and renew all licenses, consents and other rights necessary or useful in the conduct of its business and undertaking;
- (iii) conduct its operations, manage its affairs, plan its future investments and maintain its financial position, all in accordance with sound administrative, financial and engineering practices and under the direction of competent and experienced management;
- (iv) operate, maintain, renew and repair the facilities, equipment, machinery and other property necessary or useful in its operations, in accordance with sound engineering and management practices; and
- (v) carry out such obligations of the Borrower under this Agreement as shall fall within the scope of the powers and responsibilities of Port Autonome de Tamatave;

provided, however, that the provisions of this paragraph (b) shall in no way limit or restrict any obligation assumed by the Borrower under this Agreement.

*Section 3.03.* (a) The Borrower shall relend the proceeds of the Credit to Port Autonome de Tamatave under a subsidiary loan agreement to be entered into between the Borrower and Port Autonome de Tamatave not later than on June 30, 1971, under terms and conditions which shall have

been approved by the Association. Such proceeds shall be so relent at a rate of interest of three-quarters of one per cent ( $\frac{3}{4}$  of 1%) per annum for the first four years and of seven per cent (7%) per annum thereafter on the principal amount so relent and outstanding from time to time, and shall be repaid to the Borrower over a period of twenty-four years from the date of such subsidiary loan agreement, including therein a period of grace of four years.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, 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 3.04.* In order to assist the Borrower in carrying out Parts F and G of the Project, the Borrower shall employ or cause to be employed engineering and accounting consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

*Section 3.05.* 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.

*Section 3.06.* (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 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 or Port Autonome de Tamatave to replace or repair such goods.

(c) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

*Section 3.07.* (a) The Borrower shall furnish or shall cause Port Autonome de Tamatave to furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction and work 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 or cause Port Autonome de Tamatave 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 and cause Port Autonome de Tamatave to 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, and cause Port Autonome de Tamatave to furnish, to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

*Section 3.08.* (a) To carry out Part E of the Project, the Borrower shall promptly appoint or cause to be appointed to the positions of Director, Chief Accountant, Chief Traffic Manager, Chief Training Officer and Assistant Training Officers of Port Autonome de Tamatave, competent and experienced persons acceptable to the Association, employed under terms and conditions which shall have been approved by the Association.

(b) The training program included in Part E of the Project shall be submitted to the Association not later than September 30, 1971 and implementation of such program, as agreed by the Association, shall commence not later than April 1, 1972.

(c) Until completion of the Project, the appointment of any new person to any of the positions referred to in paragraph (a) of this Section shall only be made with the approval of the Association.

*Section 3.09.* The Borrower shall not cause the works included in Part C of the Project other than the land-line included therein to be started until arrangements for the financing of such land-line shall have been entered into to the satisfaction of the Association.

*Article IV*

## OTHER COVENANTS

*Section 4.01.* (a) Without any restriction or limitation upon the obligations of the Borrower under Section 3.01 of this Agreement, the Borrower shall make available to Port Autonome de Tamatave, as required for the carrying out of the Project, an equity contribution in an amount in Malagasy Francs equivalent to not less than five million four hundred thousand dollars (\$5,400,000).

(b) Except as the Association shall otherwise agree, the Borrower shall ensure that no dividend shall be distributed to the Borrower in any fiscal year in respect of the equity contribution referred to in paragraph (a) hereof, unless and until Port Autonome de Tamatave shall have: (i) met its debt service requirements (as such term is defined in Section 4.05 of this Agreement) and (ii) contributed in such year an amount equal to not less than 25% (or such other percentage as shall be agreed between the Borrower, the Association and Port Autonome de Tamatave) of its net operating revenue (as such term is defined in Section 4.04 of this Agreement) for such year to a Port Development Reserve Account to be established by Port Autonome de Tamatave in order to meet part of the capital expenditures of future port expansion.

*Section 4.02.* Until completion of the Project, unless the Association shall otherwise agree, the Borrower shall ensure that capital expenditures in respect of the Port of Tamatave other than those included in the Project shall only be made if the aggregate estimated cost of all such capital expenditures in any fiscal year does not exceed the equivalent of one hundred thousand dollars (\$100,000).

*Section 4.03.* (a) Upon completion of the study relating to the costing of the operation of Port Autonome de Tamatave, included in Part G of the Project, the Borrower shall take all measures necessary on its part, and shall cause Port Autonome de Tamatave to review the report and recommendations of such study with the Association, and, as a result of such review, to introduce, not later than January 1, 1974, such changes in the tariff of port charges and in the tariff structure of Port Autonome de Tamatave as shall be required in order to comply with the requirements of Section 4.04 of this Agreement.

(b) The Borrower and Port Autonome de Tamatave shall insure that no user (whether private or public) of the facilities of the Port of Tamatave shall have any priority in the use of any such facility nor benefit from any exemption from, or reduction of, port charges payable in respect of port and

related services furnished within the Port of Tamatave or supplied by Port Autonome de Tamatave.

*Section 4.04.* (a) Except as the Association shall otherwise agree, the Borrower and Port Autonome de Tamatave shall each take all steps which shall be necessary on its part (including but not limited to adjustments of tariffs) as shall be required to provide to Port Autonome de Tamatave net operating revenue sufficient to ensure a rate of return of not less than 4% in each of the fiscal years 1974 and 1975, 5% in each of the fiscal years 1976 and 1977 and 7% in fiscal year 1978 and in each fiscal year thereafter, on the value of net fixed assets in operation.

(b) For the purposes of this Section:

- (i) the annual rate of return shall be calculated by relating the net operating revenue for the year in question to the average of the value of net fixed assets in operation at the beginning and at the end of that year;
- (ii) the term “value of the net fixed assets in operation” means the gross value of the fixed assets owned or operated by Port Autonome de Tamatave as determined as a result of the valuation of fixed assets included in Part G of the Project, revalued from time to time in accordance with sound and consistently maintained methods of valuation acceptable to the Association, less the amount of accumulated depreciation;
- (iii) the term “net operating revenue” means the difference between:
  - (A) gross revenues accruing from the operation of the Port of Tamatave; and
  - (B) operating expenses, including administrative expenses, taxes other than on income or on profits, if any, adequate maintenance and depreciation, but excluding interest and other charges on debt;
- (iv) the term “debt” has the meaning set forth in Section 4.05 of this Agreement.

*Section 4.05.* (a) Except as the Association shall otherwise agree, the Borrower shall ensure that Port Autonome de Tamatave shall not incur any debt, other than for money borrowed for financing the Project, unless its net cash generation from operations for the fiscal year immediately preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.5 times the



maximum debt service requirements for any succeeding fiscal year on all debt including the debt to be incurred.

(b) For the purposes of this Section:

- (i) the term “debt” means all debt of Port Autonome de Tamatave, including debt for the service of which Port Autonome de Tamatave is responsible, maturing by its terms more than one year after the date on which it is originally incurred;
- (ii) 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 cash generation from operations” means gross revenues from all sources, adjusted to take account of Port Autonome de Tamatave’s 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 operational expenses including administrative expenses, taxes other than on income or on profits, if any, and adequate maintenance, but before deduction of provisions for depreciation and debt service requirements;
- (iv) the term “debt service requirements” means the aggregate amount of amortization of, and interest and other charges on, debt; and
- (v) whenever 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 4.06.* The Borrower shall ensure that Port Autonome de Tamatave shall, in each fiscal year commencing with fiscal year 1974, maintain the aggregate of its cash, bank deposits and overdraft facilities, and investments readily convertible into cash, at an average level at least equal to twelve percent (12%) of its estimated operating expenditures for such fiscal year.

*Section 4.07.* The Borrower shall cause Port Autonome de Tamatave to take out and maintain insurance with responsible insurers against such risks and in such amounts as shall be consistent with sound business practice.

*Section 4.08.* (a) The Borrower shall cause a qualified and competent counterpart acceptable to the Association to be provided at all times until completion of the Project for each of the persons provided to Port Autonome de Tamatave under the technical assistance included in Part E of the Project and appointed pursuant to Section 3.08 of this Agreement.

(b) After completion of the Project, the Borrower shall cause Port Autonome de Tamatave to consult the Association prior to the appointment of any person to the positions in Port Autonome de Tamatave which are referred to in Section 3.08 (a) of this Agreement.

*Section 4.09.* The Borrower shall: (i) cause Port Autonome de Tamatave to take all measures required to reduce, not later than upon completion of the Project, the period of free storage of cargo in the transit sheds of Port Autonome de Tamatave to not more than five days, and (ii) enable Port Autonome de Tamatave to facilitate the removal, if necessary by sale at public auction, of any cargo from the area located within the boundaries of Port Autonome de Tamatave, whenever such cargo shall have remained in such area for a period exceeding thirty (30) days.

*Section 4.10.* The Borrower, without requiring any additional charge therefor from port users, shall ensure that Customs officers will at all times be available in the Port of Tamatave during the working hours of Port Autonome de Tamatave in sufficient number to ensure that the port operations will in no way be impeded by reason of any lack of available Customs officers on duty.

*Section 4.11.* 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 Port Autonome de Tamatave and, in respect of the Project, of the department or other agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 4.12.* The Borrower shall cause Port Autonome de Tamatave 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 five 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 Port Autonome de

Tamatave and the audit thereof as the Association shall from time to time reasonably request.

### 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 condition of Port Autonome de Tamatave and, in respect of the Project, of the department or other agencies 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; 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 Port Autonome de Tamatave and, in respect of the Project, of the departments or other agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(b) The Borrower shall promptly inform the Association and shall cause Port Autonome de Tamatave promptly to 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, the performance by the Borrower of its other obligations under the Development Credit Agreement or the performance by Port Autonome de Tamatave of its obligations under the Subsidiary Loan Agreement or pursuant to Section 3.02 (b) (v) of this 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 or in Section 7.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then, at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

*Section 7.02.* For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that any legislation or regulation of the Borrower relating to the establishment, powers, organization, responsibilities or financial structure of Port Autonome de Tamatave shall have been amended, repealed, suspended, waived or shall cease to be enforced in whole or in part, so as to have an adverse effect on the Project or on the operations of Port Autonome de Tamatave, and such event shall continue for a period of thirty days after notice thereof shall have been given by the Association to the Borrower.

*Article VIII*

## EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) legislation and regulations of the Borrower, acceptable to the Association, establishing Port Autonome de Tamatave shall have been enacted and published in the *Journal Officiel de la République Malagasy*; and
- (b) the tariff of port charges payable in respect of port and related services furnished within the Port of Tamatave shall have been increased by twelve and one-half per cent (12 1/2%) as compared to the corresponding tariff in force on March 31, 1970.

*Section 8.02.* The date October 30, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 8.03.* The provisions of Sections 3.02, 4.01, 4.03 (b), 4.04, 4.05, 4.06, 4.07, 4.08 (b), 4.09, 4.10, 4.11, 4.12 and 7.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty-four (24) 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 Finances 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:

Minifin  
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 J. BURKE KNAPP  
Vice President

#### SCHEDULE I

##### 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>Percentage of Expenditures to be financed</i>
I. (a) Extension of the Breakwater		
(b) Extension of Pier C and improvement to Pier B		
(c) Construction of transit sheds and warehouses	5,960,000	55% of total expenditures (representing the estimated foreign expenditure component)
(d) Improvements to stacking areas, roads and railway tracks		
(e) Deep-water tanker mooring, connecting sea-line and fire-		

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in dollar Equivalent)</i>	<i>Percentage of Expenditures to be financed</i>
line and fire-fighting equipment, but excluding the land-line		
II. Cargo-handling equipment . . . . .	900,000	100% of foreign expenditures
III. Technical assistance and services of consultants . . . . .	1,300,000	100% of foreign expenditures
IV. Unallocated . . . . .	<u>1,440,000</u>	
TOTAL	<u>9,600,000</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;

provided that, except as the Association shall otherwise agree, no withdrawals from any Category other than Category III of the table in paragraph 1 above, and no withdrawals from such Category III in excess of the equivalent of four hundred thousand dollars (\$400,000), shall be made unless:

- (i) Port Autonome de Tamatave shall, pursuant to the provisions of Section 3.02 of this Agreement, have become responsible for the operation, maintenance and development of facilities at the Port of Tamatave, and all facilities, equip-

- ment, machinery and other property necessary to the operations of the Port of Tamatave shall have been transferred to Port Autonome de Tamatave; and
- (ii) the Director of Port Autonome de Tamatave shall have been appointed in accordance with the provisions of Section 3.08 (a) of this Agreement.

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 set out in paragraph 1 above:

- (a) if the estimate of expenditures under any Category 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; and
- (b) if the estimate of the foreign expenditure component in respect of the aggregate of goods and services under Category I shall increase and proceeds of the Credit are, subject to the provisions of paragraph 4 above, available for reallocation to Category I, the Association shall, at the request of the Borrower, increase the stated percentage then applicable to such Category I as required in order to permit the financing of the full foreign expenditure component of such goods and services.

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project is based on the Master Plan for the Port of Tamatave and consists of the following parts:

- A. The extension of the existing breakwater by about 225 meters.
- B. The extension of the existing Pier C by about 245 meters to provide a total of three berths; improvements to the existing Pier B; the provision of three transit sheds and two warehouses; the resurfacing of stacking areas; minor improvements to road and railway track layout; and relocating an existing shed.



- C. The provision of a deep-water tanker mooring at Tanio Point, a 26-inch diameter sea-line to the shore line and a 26-inch diameter land-line, as well as of fire-fighting equipment for the existing coastal tanker mooring at Pier B.
- D. The provision of cargo-handling equipment.
- E. The provision of technical assistance personnel for Port Autonome de Tamatave for management and organization, and to prepare and implement a training program in all phases of cargo-handling.
- F. The final engineering and supervision of the works included in the Project.
- G. Financial studies for Port Autonome de Tamatave, including the valuation of the fixed assets owned or operated by Port Autonome de Tamatave, and the costing of its operations for purposes of tariff revision.

The Project is expected to be completed by June 30, 1974.

### SCHEDULE 3

#### PROCUREMENT

In respect of the procurement of all goods and services included in Categories I and II of the table in paragraph 1 of Schedule 1 to this Agreement, the following procedures shall be used:

1. Identical or similar items to be procured shall be grouped together wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Association.

2. Prequalification of bidders, will be used for all civil works, and 45 days will be allowed for submission of prequalification documents.

3. Bidders shall not be required to be registered in the Malagasy Republic as a condition to participate in bidding. Should such registration or other formality be required of a successful bidder by any law or regulation, every facility to this end shall be furnished by the Borrower to the contractor or manufacturer to avoid any possible delay.

4. Contracts will include adequate escalation clauses, as described in paragraph 4.4 of the Guidelines, and shall indicate unit prices. Tender documents shall clearly indicate the requirements for payment of customs duties and other taxes.

5. Prior to issuing or publishing invitations to bid, copies of such invitations together with tender documents, will be sent to the Association for approval; 60 days will be allowed for submission of bids unless otherwise agreed with the Association. Prior to the award of any contract, the Borrower shall submit to the Association for approval the proposed contract together with an analysis of all bids received and, when available, the consultants' comments and recommendations

thereon. If it is proposed to award any contract to a bidder other than the one quoting the lowest price, the reasons for such proposal shall be stated.

6. Two conformed copies of each contract for the procurement of any such goods and services shall be sent to the Association promptly upon its 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.

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.*]