

No. 10988

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
NIGER**

**Development Credit Agreement — *Agricultural Credit Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association, the Caisse Nationale de Crédit Agricole and the Union Nigérienne de Crédit et de Coopération). Signed at Washington on 29 June 1970**

*Authentic text: English.*

*Registered by the International Development Association on 3 March 1971.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
NIGER**

**Contrat de crédit de développement — *Projet relatif au crédit agricole* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au Projet entre l'Association, la Caisse nationale de crédit agricole et l'Union nigérienne de crédit et de coopération). Signé à Washington le 29 juin 1970**

*Texte authentique: anglais.*

*Enregistré par l'Association internationale de développement le 3 mars 1971.*

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

AGREEMENT, dated June 29, 1970 between the REPUBLIC OF NIGER (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in the financing of a program for the improvement of agricultural productivity;

WHEREAS the Caisse Nationale de Crédit Agricole (hereinafter called CNCA) and the Union Nigérienne de Crédit et de Coopération (hereinafter called UNCC) will carry out parts of the Project described in Schedule 1 to this Agreement, as hereinafter set forth, and the Borrower will make available to CNCA and to UNCC, for the purposes of carrying out such parts of the Project, parts of the proceeds of the development credit provided for herein; and

WHEREAS the Association is willing to make a development credit available to the Borrower *inter alia* on the terms and conditions provided herein and in a project agreement of even date herewith <sup>2</sup> among the Association, CNCA and UNCC;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The Borrower and the Association accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969, <sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

Sections 6.06 and 8.02 of the General Conditions are amended by inserting the words, "the Project Agreement" after the words "the Development Credit Agreement".

<sup>1</sup> Came into force on 15 December 1970, upon notification by the Association to the Government of Niger.

<sup>2</sup> See p. 26 of this volume.

<sup>3</sup> See p. 26 of this volume.

*Section 1.02.* Wherever used in the Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "CNCA" means the Caisse Nationale de Crédit Agricole of Niger, an *établissement public à caractère industriel et commercial* of the Borrower, established by Law No. 67-32 dated September 20, 1967, whose *Statuts* are set out in Decree No. 68-57 dated April 8, 1968.

(b) "UNCC" means the Union Nigérienne de Crédit et de Coopération, an *établissement public à caractère administratif* of the Borrower, established by Law No. 67-32 dated September 20, 1967, whose *Statuts* are set out in Decree No. 68-56 dated April 8, 1968.

(c) "Project Agreement" means the agreement of even date herewith among the Association, CNCA and UNCC, providing *inter alia* for the carrying out of Parts I and III of the Project by CNCA and of Part II of the Project by UNCC, and shall include any amendments thereof or supplements thereto agreed from time to time among the Borrower, the Association, CNCA and UNCC.

(d) "Project Coordinating Committee" means the committee referred to in Section 4.05 of this Agreement.

(e) "CFDT" means the Compagnie Française pour le Développement des Fibres Textiles, a *société française à but non lucratif*.

(f) "GMV" means Groupement Mutualiste Villageois, one of the *groupements mutualistes villageois* of Niger, local associations of heads of rural families created to undertake common development activities and able to take part in the development cooperatives.

(g) "IRAT" means the Institut de Recherches Agronomiques Tropicales et de Cultures Vivrières, a *bureau d'études français à but non lucratif*.

(h) "Short-term loans" means loans or credits with maturities of not more than one year.

(i) "Medium-term loans" means loans or credits with maturities in excess of one year, but does not include loans or credits with maturities of more than five years.

## 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 hundred and eighty-four thousand dollars (\$584,000).

*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, the Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 2 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.* The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) in respect of the reasonable cost of goods or services required for the Project and to be financed under the Development Credit Agreement.

*Section 2.04.* No withdrawals from the Credit Account shall be made:

- (i) under Categories I, II and IV of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement on account of payments for goods produced in, or services supplied from, the territory of the Borrower; or
- (ii) on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with the importation or supply of, goods or services for the Project.

*Section 2.05.* The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.06.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.07.* Service charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.08.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each January 15 and July 15 commencing July 15, 1980 and ending January 15, 2020, each installment to and including the installment

payable on January 15, 1990 to be one-half of one percent ( $1/2$  of 1 %) of such principal amount, and each installment thereafter to be one and one-half percent ( $1\ 1/2$  %) of such principal amount.

### Article III

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied in accordance with the provisions of the Development Credit Agreement and of the Project Agreement to expenditures on the Project, described in Schedule 1 to this Agreement.

*Section 3.02.* Except as the Association shall otherwise agree, (i) the goods and services included in Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement 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 or referred to in Section 3.06 of the Project Agreement, or as shall be agreed upon among the Borrower, the Association, CNCA and UNCC; (ii) contracts for the procurement of such goods and services, as well as contracts for the procurement of services included in Category IV of said allocation of the proceeds of the Credit, shall be subject to the prior approval of the Association, and (iii) whenever a contract for the procurement of any goods or services to be financed in whole or in part out of the proceeds of the Credit is awarded to a supplier or consultant not registered in the territory of the Borrower, the Borrower shall facilitate the accomplishment by such supplier or consultant of all regulatory formalities which may be required to enable it to carry out such contract.

*Section 3.03.* Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

*Section 3.04.* Except as the Association shall otherwise agree, the Borrower shall make available to CNCA in the currency of the Borrower:

- (a) the amounts of the Credit which may be withdrawn from the Credit Account under Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement, or the equivalent thereof, in the form of equity capital of CNCA to be held by, or in the name of, the Borrower; and

(b) in the form of a grant to CNCA, the amounts of the Credit which may be withdrawn from the Credit Account under Category IV of the said allocation of the proceeds of the Credit.

*Section 3.05.* Except as the Association shall otherwise agree, the Borrower shall make available to UNCC, in the form of a grant, and in the currency of the Borrower, the amounts of the Credit which may be withdrawn from the Credit Account under Category III of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement.

#### *Article IV*

##### PARTICULAR COVENANTS

*Section 4.01.* The Borrower shall cause CNCA to carry out Parts I and III of the Project, and shall cause UNCC to carry out Part II of the Project, all 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.

*Section 4.02. (a)* The Borrower shall take all action which shall be necessary on its part to enable CNCA and UNCC to perform all of their respective obligations under the Project Agreement, and shall not take any action which would interfere with the performance by CNCA or UNCC, respectively, of such obligations.

(b) Without limitation or restriction upon any of the provisions set forth in paragraph (a) of this Section, the Borrower shall at all times take all such action as will be necessary or appropriate to enable CNCA to earn, and shall not take any action which would prevent CNCA from earning, such revenues as will be sufficient for CNCA:

- (i) to cover all of CNCA's operating expenses (including taxes, if any);
- (ii) to meet all interest and other charges due by CNCA in respect of debts incurred by CNCA;
- (iii) to maintain adequate reserves for bad and doubtful debts; and
- (iv) to maintain adequate general reserves.

*Section 4.03. (a)* The Borrower and the Association shall cooperate fully to assure 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, the maintenance of the service thereof, the performance by the Borrower of its obligations under the Development Credit Agreement, and the performance by CNCA and by UNCC of their respective obligations under the Project Agreement.

(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, the performance by the Borrower of its obligations under the Development Credit Agreement and the performance by CNCA and by UNCC of their respective obligations under the Project 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 4.04.* (a) The Borrower shall (i) maintain or cause to be maintained records adequate to identify the goods and services 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 agency or agencies of the Borrower responsible for carrying out the Project or any part thereof; (ii) enable the Association's representatives to inspect the Project, the goods to be financed out of the proceeds of the Credit and any relevant records and documents; and (iii) furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods and services to be financed out of the proceeds of the Credit, and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the reports, plans, specifications, contract documents and procurement schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

*Section 4.05.* (a) The Borrower shall establish, and thereafter maintain until completion of the Project, a project coordinating committee which shall (i) coordinate all aspects of the Project with the Borrower, CNCA, UNCC and all relevant ministries, agencies or instrumentalities of the

Borrower, and (ii) seek close cooperation between the Borrower, CNCA, UNCC and all relevant ministries, agencies and instrumentalities of the Borrower on all matters related to the Project.

(b) The Borrower shall appoint as members of the Project Coordinating Committee senior officials representing its Ministries of Commerce and Industry, Finance, and Rural Economics, its Commissariat Général au Développement, the Caisse de Stabilisation des Prix des Produits du Niger (CSPPN), the Société Nigérienne de Commercialisation de l'Arachide (SONARA), the *Directeur* of CNCA, the *Directeur* of UNCC, as well as one member selected by CFDT. The Borrower shall appoint a chairman of the Project Coordinating Committee who shall have been approved by the Association, and the *Directeur* of UNCC shall serve as secretary to such Committee.

(c) Without limitation or restriction upon any of the provisions set forth in Sections 4.01 or 4.05 (a) of this Agreement, the Borrower shall make available to the Project Coordinating Committee all funds, facilities, services and other resources which shall be necessary to enable such Committee to carry out its functions.

*Section 4.06.* Except as the Association shall otherwise agree, the Borrower shall:

- (a) cause IRAT to initiate soil inoculation tests with nitrogen-fixing bacteria during the 1971 groundnut crop season and thereafter to continue such soil inoculation tests;
- (b) cause cotton fertilizer trials to be continued under the supervision of IRAT;
- (c) take such measures as are necessary on its part to ensure that agreement No. 10/68/MER/UNCC of October 1968 between it and CFDT, providing for extension services for cotton growers, shall be renewed at least until June 30, 1974;
- (d) progressively eliminate all subsidies to rice farmers in respect of nitrogen fertilizers, and shall discontinue all payments and benefits arising from such subsidies not later than July 1, 1974; and
- (e) periodically review the support policies for rice paddy prices and shall gradually cause such prices to be reduced in a manner adequate to develop the potential domestic market.

*Section 4.07.* Without limitation or restriction upon any of the provisions set forth in Section 4.01 of this Agreement and unless the Association shall otherwise agree, the Borrower shall provide or cause to be provided to UNCC such funds as are reasonably required to enable UNCC to carry on its operations on a sound administrative and financial basis.



*Section 4.08.* The Borrower shall pay to CNCA adequate compensation for all services rendered by CNCA in respect of all social and relief operations, and for any losses resulting therefrom.

*Section 4.09.* 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 shall be free from all restrictions imposed under any such laws.

*Section 4.10.* The Development Credit Agreement and the Project 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.* If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may, by notice to the Borrower, declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in the Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) CNCA shall have failed to perform any of its covenants or agreements under the Project Agreement, and such failure shall have continued for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;
- (b) UNCC shall have failed to perform any of its covenants or agreements under the Project Agreement, and such failure shall have continued for a period of sixty days after notice thereof shall have been given by the Association to the Borrower;
- (c) Law No. 67-32 dated September 20, 1967, relating to the establishment of CNCA and of UNCC, or any other law or regulation of the Borrower relating to the organization, powers or financial structure of CNCA or of UNCC, to the powers, duties, functions, responsibilities and credit policies of CNCA, or to the powers, duties, functions and responsi-

bilities of UNCC, shall have been amended, suspended, abrogated or waived without the agreement of the Association in such a way as to materially and adversely affect the ability of CNCA or of UNCC to carry out the covenants and agreements set forth in the Project Agreement;

- (d) any legislation or regulation of the Borrower relating to agricultural development or to agricultural credit in the territory of the Borrower shall have been amended, suspended, abrogated or waived without the agreement of the Association in such a way as to materially and adversely affect the Project;
- (e) the *Statuts* of CNCA or any provision thereof shall have been materially amended, suspended, abrogated or waived without the agreement of the Association; and
- (f) the *Statuts* of UNCC or any provision thereof shall have been materially amended, suspended, abrogated or waived 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 10.01 (b) of the General Conditions:

- (a) the execution and delivery of the Project Agreement on behalf of CNCA shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) the execution and delivery of the Project Agreement on behalf of UNCC shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (c) the Project Coordinating Committee shall have been established, and its chairman, secretary and members appointed in accordance with the provisions of Section 4.05 of this Agreement; and
- (d) the auditor or auditors referred to in Section 2.05 (b) of the Project Agreement shall have been appointed.

*Section 6.02.* The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

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

*Section 6.03.* The date September 29, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 6.04.* The obligations of the Borrower under Sections 4.02 (b), 4.06 (a), (b), and (e), and 4.07, of this Agreement shall terminate on the date on which the Development Credit Agreement shall terminate or on a date twenty years after the date of the Development Credit Agreement, whichever shall be the earlier.

### *Article VII*

#### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Borrower and the Association.

*Section 7.02.* The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

*Section 7.03.* The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère des Finances  
Niamey, Niger

Cable address:

Minifinances  
Niamey

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 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 Niger:

By GEORGES CONDAT  
Authorized Representative

International Development Association:

By J. BURKE KNAPP  
Vice President

## SCHEDULE 1

### DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's program for the improvement of agricultural productivity and consists of the following parts:

- I. A program of loans to be made by CNCA to farmers and to GMVs for:
  - a. Medium-term loans for:
    - (i) oxen, ox-drawn farm implements, carts and spares; and
    - (ii) scales for the cooperative marketing of groundnut, rice and cotton;
  - b. Short-term loans for the supply of seeds, fertilizer and pesticides, including spray costs.
- II. The expansion and strengthening of cotton and groundnut extension services by the addition of approximately 100 persons to the extension personnel of UNCC.
- III. Technical assistance to CNCA for the training of local personnel and to assist CNCA in bank management.

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

## SCHEDULE 2

## ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Implements, carts, spares and scales for Part I (a) of the Project .....	260,000
II. For Part I (b) of the Project	
(a) fertilizer .....	35,000
(b) pesticides .....	65,000
III. Extension services under Part II of the Project .....	160,000
IV. Technical Assistance under Part III of the Project	64,000
	Total <u>584,000</u>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

If the estimate of the cost of the items included in any of the Categories I to IV shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will at the request of the Borrower, be reallocated by the Association to any of the other Categories if the estimate of the cost of items included in such other Category shall have increased.

## INTERNATIONAL DEVELOPMENT ASSOCIATION

## GENERAL CONDITIONS, DATED 31 JANUARY 1969

## GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 703, p. 244.*]

## PROJECT AGREEMENT

AGREEMENT, dated June 29, 1970 among INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association), CAISSE NATIONALE DE CRÉDIT AGRICOLE (hereinafter called CNCA) and UNION NIGÉRIENNE DE CRÉDIT ET DE COOPÉRATION (hereinafter called UNCC);

WHEREAS by a development credit agreement of even date herewith<sup>1</sup> between the Republic of Niger (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to five hundred eighty-four thousand dollars (\$584,000), on the terms and conditions set forth in such development credit agreement, but on condition *inter alia* that CNCA and UNCC agree to undertake certain obligations toward the Association as hereinafter provided;

WHEREAS CNCA and UNCC, in consideration of the Association's entering into the above-mentioned development credit agreement with the Borrower, have 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 the Project Agreement, unless the context otherwise requires, the several terms defined in the development credit agreement of even date herewith between the Borrower and the Association and in the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969<sup>2</sup> as made applicable thereto shall have the respective meanings therein set forth.

### Article II

#### PARTICULAR COVENANTS OF CNCA

*Section 2.01.* (a) CNCA shall carry out Parts I and III of the Project described in Schedule 1 to the Development Credit Agreement with due diligence and efficiency and in conformity with sound administrative, agricultural and financial practices.

(b) CNCA shall provide to the Project Coordinating Committee its full cooperation to ensure the coordination by such Committee of all aspects of the Project.

(c) CNCA shall cause the proceeds of the Credit made available to it by the Borrower pursuant to Section 3.04 of the Development Credit Agreement to be applied in accordance with the provisions of the Development Credit Agreement and of the Project Agreement to expenditures under the Project included in any of the Categories I, II or IV of the allocation of the proceeds of the Credit referred to in Section 2.02 of the Development Credit Agreement.

*Section 2.02.* In carrying out Part I of the Project, CNCA shall:

(a) make loans or credits to GMVs or to farmers in accordance with the credit policies set forth in Schedule 1 to this Agreement, or as shall be agreed upon

<sup>1</sup> See p. 4 of this volume.

<sup>2</sup> See p. 26 of this volume.

among the Association, the Project Coordinating Committee and CNCA, and CNCA shall apply to such loans and credits the proceeds of the Credit made available to it by the Borrower pursuant to Section 3.04 (a) of the Development Credit Agreement;

- (b) pay out of the proceeds of each such loan or credit made to any GMV or farmer such amounts as are required to cover the reasonable cost of goods and services procured by UNCC pursuant to Section 3.06 of this Agreement and to be financed out of the proceeds of such loan or credit; and
- (c) exercise its rights in relation to each such loan or credit to any GMV or farmer in such manner as to protect the interests of the Borrower, the Association and CNCA, and, except as the Association and the Project Coordinating Committee shall otherwise agree, CNCA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the agreement between CNCA and such GMV or farmer relating to such loan or credit.

*Section 2.03.* (a) CNCA and the Association shall cooperate fully to assure 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.

(b) CNCA and the Association shall from time to time, at the request of either one, exchange views through their representatives with regard to the performance by CNCA of its obligations under the Project Agreement, and the administration, operations and financial condition of CNCA.

(c) CNCA shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by CNCA of its obligations under the Project Agreement.

*Section 2.04.* (a) CNCA shall carry on its operations and conduct its affairs in accordance with sound business, economic and financial practices and under the supervision of competent and experienced management.

(b) CNCA shall not take or concur in any action which would have the effect of materially amending, suspending, abrogating, or waiving any provision of its *Statuts* dated April 8, 1968, without the prior approval of the Association.

(c) CNCA shall at all times take all such action as it is or shall be authorized to take, including revision of the interest rate or annual commission on its lending operations, or both, as the case may be, which shall be necessary or appropriate to provide it with revenues sufficient:

- (i) to cover all of its operating expenses (including taxes, if any);

- (ii) to meet all interest and other charges due by it in respect of debts incurred by it;
- (iii) to maintain adequate reserves for bad and doubtful debts; and
- (iv) to maintain adequate general reserves.

(d) Beginning not later than on July 1, 1974, CNCA shall provide such funds for short-term loan operations as are necessary in each year to ensure continued availability and financing of seasonal inputs at a level which shall not be less than the average level of short-term loan operations for seasonal inputs over the period beginning on the date of the Development Credit Agreement and ending on June 30, 1974.

*Section 2.05.* (a) CNCA shall maintain separate accounts for all of its loan or credit operations financed in whole or in part out of the proceeds of the Credit.

(b) CNCA shall have its financial statements (balance sheet, statement of earnings and expenses and other related statements) audited annually by one or more competent and experienced auditors acceptable to the Association and shall, promptly after their preparation and not later than four months after the close of the fiscal year to which they apply, transmit to the Association certified copies of such statements and a signed copy of the report of the auditor or auditors.

*Section 2.06.* (a) To assist in carrying out Part III of the Project, CNCA shall employ a competent and experienced banking expert acceptable to the Association, to such extent and upon such terms and conditions as shall have been approved by the Association.

(b) Unless the Association shall otherwise agree, CNCA shall, subject to the provisions of Section 2.04 (a) of this Agreement, appoint or cause to be appointed not later than July 1, 1973, a *Directeur* who shall be a national of Niger trained to that end by, or with the assistance of, the banking expert referred to in paragraph (a) hereof.

### *Article III*

#### PARTICULAR COVENANTS OF UNCC

*Section 3.01.* (a) UNCC shall carry out Part II of the Project described in Schedule 1 to the Development Credit Agreement with due diligence and efficiency and in conformity with sound administrative, agricultural and financial practices.

(b) UNCC shall provide to the Project Coordinating Committee its full cooperation to ensure the coordination by such Committee of all aspects of the Project.

(c) UNCC shall cause the proceeds of the Credit made available to it by the Borrower pursuant to Section 3.05 of the Development Credit Agreement to be applied in accordance with the provisions of the Development Credit Agreement



and of the Project Agreement to expenditures under the Project included in Category III of the allocation of the proceeds of the Credit referred to in Section 2.02 of the Development Credit Agreement.

*Section 3.02.* In carrying out Part II of the Project, UNCC shall employ additional extension personnel trained, or to be trained by UNCC, as cooperative extension agents or as field agents, in such number, and having such qualifications, as shall be agreed among the Borrower, the Association, the Project Coordinating Committee and UNCC.

*Section 3.03.* (a) UNCC and the Association shall cooperate fully to assure 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.

(b) UNCC and the Association shall from time to time, at the request of either one, exchange views through their representatives with regard to the performance by UNCC of its obligations under the Project Agreement, and the administration, operations and financial condition of UNCC.

(c) UNCC shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by UNCC of its obligations under the Project Agreement.

*Section 3.04.* (a) UNCC shall carry on its operations and conduct its affairs in accordance with sound business, economic and financial practices and under the supervision of competent and experienced management.

(b) UNCC shall not take or concur in any action which would have the effect of materially amending, suspending, abrogating or waiving any provision of its *Statuts* dated April 8, 1968, without the prior approval of the Association.

(c) UNCC shall maintain records adequate to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project.

*Section 3.05.* (a) UNCC shall promptly furnish to CNCA all requests for loans or credits submitted by GMVs or farmers determined by UNCC to be eligible for financing under the Project, and UNCC shall provide to CNCA all such information relating thereto as CNCA shall reasonably request.

(b) In respect of each such request to CNCA for a loan or credit, UNCC shall promptly furnish to CNCA the specifications, quantities and estimated cost of the goods and services eligible for financing under Part I of the Project which UNCC determines to be required by the GMV or farmer making such request.

*Section 3.06.* (a) UNCC shall be responsible for centralizing the procurement of all goods and services included in Categories I and II of the allocation of the

proceeds of the Credit referred to in Section 2.02 of the Development Credit Agreement which UNCC shall have determined, pursuant to Section 3.05 (b) of this Agreement, to be required by the GMVs or farmers who shall have been granted loans or credits by CNCA pursuant to Section 2.02 (a) of this Agreement, and UNCC shall take all action necessary to procure such goods and services promptly as needed and in accordance with the provisions of Section 3.02 of the Development Credit Agreement and of Schedule 2 to this Agreement.

(b) UNCC shall furnish to the Association and to CNCA, promptly upon their preparation, the specifications, contract documents and procurement schedules in respect of goods and services referred to in paragraph (a) hereof, and any material modifications subsequently made therein, in such detail as the Association and CNCA shall reasonably request.

(c) Except as the Association shall otherwise agree, UNCC shall insure or cause to be insured the imported goods procured for any GMV or farmer pursuant to paragraph (a) hereof 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 CNCA to replace or repair such goods.

(d) Whenever UNCC shall have procured any goods or services for any GMV or farmer pursuant to paragraph (a) hereof, UNCC shall promptly submit to CNCA all invoices or statements of expenses relating thereto and received by UNCC, for payment by CNCA to the suppliers thereof, and UNCC shall not require CNCA, or any GMV or farmer, to make any payment to UNCC in respect of any such goods or services.

*Section 3.07.* Upon completion of Part II of the Project, UNCC shall take all measures required to ensure that its extension services will continue to operate so as to meet the reasonable needs of cooperatives, and of cotton, groundnut and rice farmers in Niger.

#### *Article IV*

##### EFFECTIVE DATE; TERMINATION

*Section 4.01.* (a) The Project Agreement shall come into force and effect on the Effective Date.

(b) If the Development Credit Agreement terminates pursuant to Section 10.04 of the General Conditions, the Association shall promptly notify CNCA and UNCC of this event and, upon the giving of such notice, the Project Agreement and all obligations of the parties thereunder shall forthwith terminate.

*Section 4.02.* The Project Agreement and all obligations of the parties thereunder shall terminate on the date on which the Development Credit Agreement

shall terminate in accordance with its terms or on a date twenty years after the date of the Development Credit Agreement, whichever shall be the earlier.

*Article V*

MISCELLANEOUS PROVISIONS

*Section 5.01.* 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, telex, 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 CNCA:

Caisse Nationale de Crédit Agricole  
B.P. 296  
Niamey, Niger

Cable address:

CNCA  
Niamey

For UNCC:

Union Nigérienne de Crédit et de Coopération  
B.P. 296  
Niamey, Niger

Cable address:

UNCC  
Niamey

*Section 5.02.* Any action required or permitted to be taken, and any documents required or permitted to be executed under the Project Agreement on behalf of CNCA or of UNCC may be taken or executed after consultation with the Borrower by such person or persons as CNCA or UNCC shall respectively designate by written notice to the Borrower and to the Association.

*Section 5.03.* CNCA and UNCC shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of CNCA and UNCC respectively, take any action or execute any documents required or permitted to be taken or executed by CNCA or by UNCC pursuant to any of the provisions of the Project Agreement, and the authenticated specimen signature of each such person.

*Section 5.04.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to any 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 such default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

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 J. BURKE KNAPP  
Vice President

Caisse Nationale de Crédit Agricole:

By GEORGES CONDAT  
Authorized Representative

Union Nigérienne de Crédit et de Coopération:

By GEORGES CONDAT  
Authorized Representative

## SCHEDULE 1

### CREDIT POLICIES OF CNCA

1. Except as may be otherwise agreed among the Association, the Project Coordinating Committee and CNCA, CNCA, in carrying out Part I of the Project, shall apply the following criteria in addition to requiring adequate security:

(a) In respect of Part I (a) of the Project, CNCA shall provide medium-term loans to be repaid over a period of four years subject to a fixed commission charge of five percent (5 %) per annum on the original amount of the loan or credit to GMVs or to farmers determined by UNCC to be eligible for financing under the Project pursuant to Section 3.05 (a) of this Agreement.

(b) In respect of Part I (b) of the Project, CNCA shall provide short-term loans to be repaid over a period of not more than one year subject to a fixed commission charge of six percent (6 %) per annum on the original amount of the loan or credit to GMVs or to farmers determined by UNCC to be eligible for financing under the Project pursuant to Section 3.05 (a) of this Agreement; provided, however, that in respect of short-term loans for seeds, no interest shall be due but repayment over a period of not more than one year shall be equal to one hundred and fifty percent (150 %) of the quantity of seeds received by such GMV or farmer.

(c) CNCA shall require GMVs or farmers receiving loans or credits under Part I (a) of the Project to contribute from their own resources a down payment equivalent to ten percent (10 %) of the amount of each such loan or credit.

(d) The terms and conditions of each loan or credit under part I of the Project shall be set out in an agreement between CNCA and the GMV or farmer receiving such loan or credit, and all such agreements shall be substantially in the form of a model agreement agreed upon by the Association, the Project Coordinating Committee and CNCA.

(e) CNCA shall from time to time review with the Association and the Project Coordinating Committee, and may adjust in agreement with the Association and the Project Coordinating Committee:

- (i) the interest rates in respect of medium- and short-term loans, having due regard to the provisions of Section 2.04 (c) of this Agreement;
- (ii) the repayment period in respect of medium-term loans; and
- (iii) the down-payment requirements in respect of medium-term loans, having due regard to the farmers' financial capabilities.

2. CNCA shall not provide loans or credits for social or relief operations except in a trustee capacity, with losses, if any, to be borne by the Borrower, and with adequate compensation of CNCA by the Borrower for any services rendered by CNCA in respect of all such loans or credits for social or relief operations.

## SCHEDULE 2

### PROCUREMENT

1. With respect to goods and services included in Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of the

Development Credit Agreement and required to be procured on the basis of international competitive bidding pursuant to Section 3.02 of the Development Credit Agreement, identical or similar items to be procured shall be grouped wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Association.

2. Items or groups of items expected to cost not more than the equivalent of twenty thousand dollars (\$20,000) shall not be subject to international competitive bidding, and they shall be procured in accordance with the Borrower's procedures applicable thereto on the date of the Development Credit Agreement.

3. With respect to items or groups of items expected to cost more than the equivalent of twenty thousand dollars (\$20,000):

- (a) UNCC shall submit to the Association and to CNCA for approval the tender documents, forms of contracts and a description of the proposed tendering procedures. The timing between the calling of bids and bidding shall be not less than 30 days and the timing between the award of contract and delivery shall be not less than 45 days.
- (b) Before a contract is awarded, UNCC shall submit to the Association and to CNCA for approval, a summary of the bids received, a justification of the proposed award and any other document requested pursuant to Section 3.06 of this Agreement. In comparing bids, the following rules shall be observed:
  - (i) Bid prices offered in respect of goods produced outside the territory of the Borrower will consist exclusively of the following components:
    - (A) the c.i.f. landed price of such goods; and
    - (B) the handling and dealer's commission in respect of such goods.
  - (ii) Bid prices offered in respect of goods produced or assembled within the territory of the Borrower will consist exclusively of the following components:
    - (A) the ex-factory price of such goods, after deduction of taxes and duties levied on the importation into the territory of the Borrower of component parts of such goods, if any; and
    - (B) the handling and dealer's commission in respect of such goods.

4. One conformed copy of any contract for the procurement of any of the goods or services referred to in paragraph 1 hereof shall be sent to the Association and to CNCA promptly upon its execution.