

No. 11572

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
UPPER VOLTA**

Development Credit Agreement—*Cotton Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 30 December 1970

Authentic text : English.

Registered by the International Development Association on 3 February 1972.

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

Contrat de crédit de développement — *Projet concernant le coton* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 30 décembre 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 3 février 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated December 30, 1970, between the REPUBLIC OF UPPER VOLTA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested from the Association and from the French Republic assistance in financing a cotton production development project, described in Schedule 2 to this Agreement;

WHEREAS the French Republic has accepted the principle of a contribution by the *Fonds d'Aide et de Coopération* to the financing of such project;

WHEREAS the Association, on the basis, *inter alia*, of the above, has accepted to extend to the Borrower the development credit hereinafter provided for under the terms and conditions set forth in this Agreement;

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, 1969,² 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) "BND" means the Banque Nationale de Développement of the Borrower, established pursuant to Law No. 6/61/AN dated January 23, 1961, and includes any successor thereto;

(b) "CFDT" means Compagnie Française pour le Développement des Fibres Textiles, a French *société anonyme d'économie mixte* with a regional

¹ Came into force on 14 June 1970, upon notification by the Association to the Government of Upper Volta.

² See p. 284 of this volume.

office in Bobo-Dioulasso, which, pursuant to the Upper Volta-CFDT Agreement, is responsible, in particular, for collecting seed cotton in the territory of the Borrower, processing it and exporting the lint;

(c) "Upper Volta-CFDT Agreement" means the *Convention Haute-Volta-CFDT*, an agreement between the Borrower and CFDT dated May 12, 1970, published in the *Journal Officiel* of the Borrower on June 25, 1970, and amended in agreement with the Association, copy of which, as so amended, has been furnished to the Association;

(d) "CSPP" means Caisse de Stabilisation des Prix des Produits Agricoles, *établissement public* of the Borrower established pursuant to Decree No. 81/PRES/CIM/DCI dated February 4, 1964, and includes any successor thereto;

(e) "IRCT" means Institut de Recherches du Coton et des Textiles Exotiques, a French *association à but non lucratif*, and includes any institution which may take over its cotton research activities;

(f) "ORD" means an Organisme Régional de Développement, *organisme d'intérêt public* of the Borrower established pursuant to Law No. 20/65/AN dated July 28, 1965;

(g) "Project Area" means the area in West Volta included in the administrative units (*cercles*) of Bobo-Dioulasso, Boromo, Dédougou, Houndé, Nouna, Orodara and Toma and covering in the aggregate about fifty-one thousand square kilometers;

(h) "Project Area ORDs" means the ORD Volta Noire insofar as it includes the administrative units (*cercles*) of Dédougou, Nouna, Toma and Tougan and the ORD Bobo-Dioulasso insofar as it includes the administrative units (*cercles*) of Bobo-Dioulasso, Boromo, Houndé and Orodara, and such term includes any successor thereto;

(i) "Project Coordinating Committee" means the committee referred to in Section 3.11 of this Agreement; and

(j) "Project Director" means the person referred to in Section 3.10 of this Agreement.

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 six million two hundred thousand dollars (\$6,200,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 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 described in Schedule 2 to this Agreement 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. Except as the Association shall otherwise agree, the goods and services (other than goods and services under any contract the cost of which is expected to be equivalent to less than \$18,000, for which the usual government procurement procedures of the Borrower shall apply, and 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 competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in August 1969; provided, however, that, without in any way restricting or limiting any right, power or remedy of the Association under the Development Credit Agreement, expenditures under any contract for the procurement of any such goods or services which the Association shall reasonably determine to have been awarded according to procedures inconsistent with those hereinabove set forth or referred to, shall not be financed out of the proceeds of the Credit.

Section 2.04. The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each April 1 and October 1 commencing April 1, 1981 and ending October 1, 2020, each installment to and including the installment payable on October 1, 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 2.08. The currency of the Republic of France 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 the Project or cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, agricultural, engineering and financial practices, and shall provide, promptly as needed, the funds, facilities, services, authorizations and other resources required for the purpose.

(b) Without limited or restricting the Borrower's obligations under paragraph (a) hereof, the Borrower shall use its best efforts to obtain other loans or other financing under terms and conditions acceptable to the Association from sources outside Upper Volta and shall apply the proceeds of such loans or financing to meet such expenses required to carry out the Project as are not financed out of the proceeds of the Credit.

Section 3.02. (a) For the purposes of carrying out the Project, the Borrower shall enter into a services contract (*marché de prestation de services*) with CFDT upon terms and conditions satisfactory to the Association, under which, subject to the possibility for CFDT to sub-contract parts of its obligations to other development agencies with the approval of the Borrower and of the Association, the Borrower shall obtain CFDT's assistance in the proper carrying out of the Project, and more particularly, in (i) providing a competent and experienced Project Director and Deputy Project Director; (ii) providing personnel to the Project Area ORDs; (iii) procuring the fertilizers, insecticides and agricultural equipment required by the cotton farmers in the Project Area after international competition pursuant to the provisions of Section 2.03 of this Agreement; (iv) planning and designing the ginnery to be constructed under Part C of the Project and supervising its construction; and (v) establishing annual tertiary roads rehabilitation programs for the improvements included in Part D of the Project and carrying out such improvements.

(b) The Borrower shall seek the approval of the Association : (i) prior to letting contracts for the procurement and construction of the ginnery referred to in Part C of the Project; and (ii) prior to the carrying out of each of the annual tertiary roads rehabilitation programs referred to in paragraph (a) (iv) hereof.

Section 3.03. (a) In order to assist the Borrower in carrying out Parts E and F of the Project, the Borrower shall employ consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) Upon completion of Part F of the Project, the Borrower shall discuss

with the Association its plans for the construction or the two road sections referred to in such Part F.

Section 3.04. In carrying out Part C of the Project, the Borrower shall employ or cause to be employed contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.05. (a) The Borrower undertakes to insure, or make adequate provision for the 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.

(b) 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 until its completion, and all road rehabilitation equipment so financed shall thereafter be used primarily in the Project Area.

Section 3.06. (a) The Borrower shall cause BND as and when required : (i) to establish a revolving fund for seasonal lending at 5.5% interest per annum to the Project Area ORDs which shall make seasonal credits in kind to farmers in the Project Area for fertilizers and insecticides, subject to a commission of 5%; (ii) to make medium-term loans at 5.5% interest per annum to the Project Area ORDs which shall extend medium-term credits to farmers in the Project Area for agricultural equipment, subject to a commission of 5% per annum on the original amount of each such credit; (iii) to lend to CSPP, as agent of the Borrower, and pursuant to a subsidiary loan agreement satisfactory to the Association, such amounts as are required for the construction and equipment of the ginnery referred to in Part C of the Project, such loan to be repayable over a period of 15 years and to bear a rate of interest of 5.5% per annum; and (iv) to establish a Project Account from which the Project Manager shall be authorized to draw in order to meet all investment and operating costs of the Project other than those related to the fertilizers, insecticides and agricultural equipment or than those required to carry out Parts C, E and F of the Project.

(b) In order to enable BND to carry out the provisions listed in paragraph (a) hereof, the Borrower shall :

- (i) make contributions to BND in the form of equity equivalent to such amounts as may from time to time be withdrawn from the Credit Account in respect of Category IV of the table set forth in Schedule 1 to this

Agreement, as and when such amounts are so withdrawn, and such contributions shall be used by BND for the purposes of sub-paragraphs (a) (i) and (a) (ii) hereof;

- (ii) lend to BND for 15 years at 3.5% interest per annum such amounts as may be required for the purposes of sub-paragraph (a) (iii) hereof;
- (iii) make available to BND every three months, for the purposes of the Project Account referred to in sub-paragraph (a) (iv) hereof, an amount equivalent to the estimated expenditures payable out of such Project Account in the next three months period.

Section 3.07. (a) The Borrower shall ensure that, until completion of the Project, the Project Area ORDs shall continue to extend seasonal credits to farmers in the Project Area under the credit policies and appraisal procedures heretofore applied and that any change in such credit policies or appraisal procedures shall be introduced only with the consent of the Association.

(b) The Borrower shall ensure that, until completion of the Project, the Project Area ORDs extend medium-term credits to farmers in the Project Area under the credit policies and appraisal procedures heretofore applied and that any change in such credit policies or appraisal procedures shall be introduced only with the consent of the Association.

Section 3.08. (a) Until completion of the Project, the Borrower shall ensure that the BND positions of Inspector of ORD Credit, Deputy Director for the Agricultural Credit Division and Chief Accountant shall at all times be filled by persons whose qualifications and experience are acceptable to the Association.

(b) Until completion of the Project, the positions of Director, Deputy Director and Chief Accountant in each of the Project Area ORDs shall be filled by persons whose qualifications and experience are acceptable to the Association; prior to the start of each season the Borrower shall consult the Association on a program of replacement of expatriate ORD personnel.

Section 3.09. (a) The Borrower shall cause CSPP to establish not later than on June 30, 1971, and thereafter to maintain, a separate cotton account in which CSPP surpluses from cotton operations would be kept and from which CSPP losses from such operations would be compensated.

(b) The Borrower, in consultation with the Association, shall review annually the producer price for cotton, and shall adjust such producer price as and when necessary to correct deficits and accumulate satisfactory reserves in the cotton referred to in paragraph (a) hereof.

Section 3.10. The Borrower shall cause CFDT to propose, and the Borrower shall appoint or cause to be appointed, a competent and experienced Project Director and Deputy Project Director; the Director shall be responsible for directing the carrying out and supervision of the Project, and shall be employed under terms of reference agreed to by the Borrower and the Association.

Section 3.11. In order to ensure adequate overall coordination of all aspects of the Project, the Borrower shall promptly establish, and thereafter maintain until completion of the Project, a Project Coordinating Committee which shall include high ranking representatives of its Ministries responsible for Agriculture, Planning, Industry, Public Works, Finance and Commerce, as well as of BND and of which the Project Director shall be the secretary; such Committee shall have the authority necessary to enable it to fulfill such coordinating and advisory functions as shall be acceptable to the Borrower and the Association and shall propose concrete recommendations to the Borrower in respect of any difficulties or problems encountered.

Section 3.12. (a) The Borrower shall cause CFDT and IRCT to provide the cotton seeds required by farmers in the Project Area.

(b) The Borrower shall ensure that IRCT shall continue to monitor the performance of cotton varieties and conduct fertilizer and insecticide tests in the Project Area, and shall undertake and carry out an intensive research program on phyllody.

Section 3.13. (a) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications and contract documents, work and procurement 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 BND, CFDT, CSPP and each of the Project Area ORDs 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 and the goods and services financed out of such proceeds.

Article IV

OTHER COVENANTS

Section 4.01. (a) The Borrower shall cause CFDT in respect of its industrial and commercial activities in the territory of the Borrower, BND, CSPP and each of the Project Area ORDs, to maintain records adequate to reflect their respective operations and financial condition in accordance with consistently maintained sound accounting practices.

(b) The Borrower shall cause BND 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 four 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 BND and the audit thereof as the Association shall from time to time reasonably request.

Section 4.02. The Borrower shall make or cause to be made all necessary provisions for insurance of the ginnery included in Part C of the Project against such risks and in such amounts as shall be consistent with sound practice.

Section 4.03. Upon completion of the Project and at all times thereafter, the Borrower shall ensure the regular and adequate maintenance of the roads referred to in Part D of the Project and improved pursuant to Section 3.02 (a) (v) of this Agreement.

Section 4.04. In the event the Upper Volta-CFDT Agreement is not renewed after its initial period of five years, the Borrower shall make arrangements satisfactory to the Association on the appropriate means to ensure the adequate management and operation of any ginnery owned by the Borrower and of the Project Area ORDs.

Article V

CONSULTATION, INFORMATION AND INSPECTION

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 the Project Area ORDs, of BND, of CSPP, of any other institutions, or of any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and of CFDT in respect of its industrial and commercial activities in the territory of the Borrower, as well as with regard to the coordination of the various sources of external financing for the Project 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 and any other financing available for the Project as well as with regard to the coordination of the various sources of financing for the Project. 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 the Project Area ORDs, of BND, of CSPP, of any other institutions, or of any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and of CFDT in respect of its industrial and commercial activities in the territory of the Borrower.

(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.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all installations, sites, works, buildings and equipment related to the Project and 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 the Upper Volta-CFDT Agreement shall have been terminated other than in accordance with its terms, amended, suspended or repealed without the consent of the Association.

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) The services contract between the Borrower and CFDT referred to in Section 3.02 (a) of this Agreement shall have been duly and validly entered into by each of the parties thereto and shall have been duly authorized or ratified by all necessary corporate and governmental action.
- (b) The Project Director shall have been duly appointed in accordance with the provisions set forth or referred to in Section 3.10 of this Agreement.
- (c) The Project Coordinating Committee shall have been duly established and its initial members appointed in accordance with the provisions set forth or referred to in Section 3.11 of this Agreement.

- (d) The Project Area ORDs shall have been duly and validly established.
- (e) The initial appointment of a Director, a Deputy Director and a Chief Accountant in each of the Project Area ORDs shall have been effected in accordance with the provisions of Section 3.08 (b) of this Agreement.
- (f) The Upper Volta-CFDT Agreement shall have been duly and validly authorized or ratified by all necessary corporate and governmental action.

Section 8.02. 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 services contract referred to in Section 8.01 (a) of this Agreement has been duly authorized by, and executed and delivered on behalf of, the Borrower and CFDT, respectively, and constitutes a valid and binding obligation of the Borrower and CFDT in accordance with its terms.
- (b) That the Upper Volta-CFDT Agreement has been duly authorized by, and executed and delivered on behalf of, the Borrower and CFDT, respectively, and constitute valid and binding obligations of the Borrower and CFDT in accordance with their terms.

Section 8.03. The date May 1, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Sections 3.05 (b), 3.06 (a) (i) and (ii), 3.09, 3.12, 4.01, 4.03 and 4.04 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date ten 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 at the time 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

Ouagadougou, Upper Volta

Cable address :
Minifinance
Ouagadougou

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

Cable address :
Indevas
Washington, D.C.

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.

Republic of Upper Volta :

By PAUL ROUAMBA
Authorized Representative

International Development Association :

By J. BURKE KNAPP
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. C.I.F. (Bobo-Dioulasso) cost of equipment and machinery for Parts C and D of the Project (including assembly)	627,500	100% of foreign expenditures
II. Engineering for Part C of the Project, feasibility study under Part E of the Project and detailed engineering under Part F of the Project	281,500	100% of total expenditures

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
III. Vehicles and construction costs under Parts A, C and D of the Project; office equipment and furniture under Part A of the Project; salaries of local and expatriate staff of Project management and of the Project Area ORDs; and operating costs of Project management and of the Project Area ORDs	4,041,500	61% of total expenditures
IV. C.I.F. (Bobo-Dioulasso) cost of fertilizers, insecticides and agricultural equipment imported for the Project Area (Part B of the Project)	1,032,000	25% of foreign expenditures
V. Unallocated	217,500	
	<u>TOTAL 6,200,000</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; provided, however, that if the currency of the Borrower is also that of another member of the Bank in the territories of which goods are produced or from the territories of which services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(b) the term "total expenditures" means the aggregate of foreign expenditures and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

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 under the laws of the Borrower or laws in effect in its territories 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 in respect of any Category 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 II or III 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 part of the Borrower's program to develop cotton production by extending cotton-growing areas and increasing productivity in the Project Area, and consists of the following parts:

- A. Staffing, equipping and operating the Project Area ORDs which administer the agricultural extension, and the credit services, and participate in the marketing of seed cotton, in the Project Area, and Project management; construction and furnishing of housing, office and storage facilities for such ORDs and for such Project management; and provision of the services of two extension agents in the Tougan administrative unit (*cercle*) for the introduction of cotton cultivation on a few demonstration farms;
- B. Establishing a revolving credit fund to provide cotton growers with seasonal credits for fertilizers and insecticides, and medium-term credits for agricultural equipment;
- C. Constructing at or near Houndé a new ginnery of approximately 25,000 tons capacity; such ginnery is expected to be completed by September 30, 1972;
- D. Establishing, equipping and operating a mechanical road rehabilitation unit to improve about 820 km of tertiary roads in the Project Area;

- E. A feasibility study for a cotton production project in the Diébougou and Gaoua administrative units (*cercles*) adjacent and to the South East of the Project Area; and
- F. Detailed engineering for the improvement of the Koundougou-Solenzo and the Béréba-Houndé sections of secondary roads in the Project Area, totaling approximately 100 km.

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

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.*]