

No. 11619

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
MAURITIUS**

**Development Credit Agreement—*Mauritius Tea Development Authority Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 9 April 1971**

*Authentic text: English.*

*Registered by the International Development Association on 6 March 1972.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
MAURICE**

**Contrat de crédit de développement — *Projet relatif à la Mauritius Tea Development Authority* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 9 avril 1971**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 6 mars 1972.*

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

AGREEMENT, dated April 9, 1971, between MAURITIUS (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

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

(B) The Project will be carried out by the Mauritius Tea Development Authority with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Mauritius Tea Development Authority the proceeds of the Credit as hereinafter provided; and

(C) The Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith<sup>2</sup> between the Association and the Mauritius Tea Development Authority;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>3</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

<sup>1</sup> Came into force on 11 June 1971, upon notification by the Association to the Government of Mauritius.

<sup>2</sup> The said Agreement entered into force on 11 June 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 239 MAS, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

<sup>3</sup> See p. 60 of this volume.

have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement between the Association and the Mauritius Tea Development Authority of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and the Mauritius Tea Development Authority pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) "MTDA" means the Tea Development Authority of Mauritius established and operating under the Tea Development Authority Act 1970, dated December 23, 1970 as the same may be amended from time to time;

(d) "MCCB" means the Mauritius Cooperative Central Bank registered and operating under the Cooperative Societies Ordinance 1945 dated October 20, 1945 as the same may be amended from time to time, and includes any successor or successors thereto;

(e) "Project area" means the area of Crown Land on the Central Plateau of Mauritius agreed upon between the Borrower and the Association for the purposes of the Project;

(f) "tenant smallholder" means any person who has leased from a cooperative society a tea planting of 1.5 arpents on land held on ninety-nine year lease by MTDA in the Project area;

(g) "producer" means any person who produces green leaf tea;

(h) "manufacturer" means any person who manufactures made tea from green leaf tea.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to five million two hundred thousand dollars (\$5,200,000).

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

*Section 2.03.* The Closing Date shall be December 31, 1977 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 February 15 and August 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 instalments payable on each February 15 and August 15 commencing August 15, 1981 and ending February 15, 2021, each instalment to and including the instalment payable on February 15, 1991, to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ( $1\frac{1}{2}\%$ ) of such principal amount.

*Section 2.07.* The currency of the United Kingdom of Great Britain and Northern Ireland 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 cause MTDA to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend the proceeds of the Credit to MTDA under a Subsidiary Loan Agreement to be entered into between the Borrower and MTDA under terms and conditions which shall have been approved by the Association.

(c) 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 the Subsidiary Loan Agreement or any provision thereof.

(d) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable MTDA to perform all of its obligations under the Project Agreement and the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

*Section 3.02.* The Borrower shall make available to MTDA all funds necessary for MTDA to execute the Project which the Borrower has undertaken to provide under Section 3.01. (a) of this Agreement in the form of advance quarterly lump-sum payments on the basis of estimates prepared by MTDA.

*Section 3.03.* (a) Except as the Association shall otherwise agree, the goods and services required for the Project and to be financed out of the proceeds of the Credit shall be procured pursuant to the provisions set forth or referred to in Section 2.04 (a) of the Project Agreement.

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

#### *Article IV*

#### OTHER COVENANTS

*Section 4.01.* (a) The Borrower shall cause MTDA to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of MTDA.

(b) The Borrower shall cause MTDA to: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning the accounts and financial statements of MTDA and the audit thereof as the Association shall from time to time reasonably request.

*Section 4.02.* The Borrower shall cause MTDA to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with sound practice.

*Section 4.03.* (a) The Borrower shall ensure that the minimum price fixed by the Tea Control Board for the purchase of tea from producers by manufacturers will be at such a level as to enable MTDA to maintain annually the minimum margin referred to in Section 4.03 of the Project Agreement.

(b) The Borrower shall inform the Association in advance of the minimum prices which the Tea Control Board proposes to fix for the purchase of tea from producers by manufacturers and shall give the Association an opportunity of commenting on the said prices before the said prices are fixed.

*Section 4.04.* The Borrower shall take all steps to ensure that a sufficient number of tenant smallholders are available for the purposes of the Project.

*Section 4.05.* The Borrower shall ensure that MCCB makes available seasonal credit to tenant smallholders.

*Section 4.06.* The Borrower shall ensure that the approval of the Borrower of the appointments of officers under the Tea Development Authority Act 1970 shall not be unreasonably withheld or delayed.

*Section 4.07.* Except as otherwise agreed between the Borrower, the Association and MTDA, MTDA shall not be subject to the direction of the Borrower in respect of the employment of workers on tea plantings in the Project area.

*Section 4.08.* The Borrower shall ensure that the officers of MTDA have authority to reject sub-standard tea leaf collected by all producers or to request its resorting at leaf collecting stations.

*Section 4.09.* (a) The Borrower shall ensure that MTDA is not required to meet any deficit or any part of any deficit incurred in the operation of the Dubreuil tea factory.

(b) The Borrower shall cause the capacity of the Dubreuil tea factory to be increased to three million pounds of made tea by June 30, 1972.

*Section 4.10.* The Borrower shall not take or concur in any action to alter the arrangements made under Section 8.01 (d) of this Agreement without the prior approval of the Association.

*Section 4.11.* The Borrower shall not amend or terminate the agreement referred to in Section 8.01 (e) of this Agreement without the prior approval of the Association.

### 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 performance by MTDA of its obligations under the Project Agreement, the administration, operations and financial condition of MTDA and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

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

(b) The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof, the performance by the Borrower of its other obligations under the Development Credit Agreement or the performance by MTDA of its obligations under the Project Agreement and the Subsidiary Loan Agreement.

*Section 5.03.* The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all plants, sites, works, property and equipment of MTDA 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 and the Project 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 7.03 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 6.02 of the General Conditions, the following additional events are specified:

- (a) MTDA shall have failed to perform any covenant, agreement or obligation of MTDA under the Project Agreement.



- (b) An extraordinary situation shall have arisen which shall make it improbable that MTDA will be able to perform its obligations under the Project Agreement.
- (c) The Tea Development Authority Act 1970, dated December 23, 1970 shall have been amended, suspended or abrogated in such a way as to materially and adversely affect the ability of MTDA to carry out the covenants, agreements and obligations set forth in the Project Agreement.
- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of MTDA or for the suspension of its operations.
- (e) MTDA shall have been deprived of the interest as ninety-nine year lessee which it has at the date of this Agreement in Crown Land necessary for development of smallholder teaholdings under the Project.
- (f) The Subsidiary Loan Agreement shall have been amended or abrogated without the concurrence of the Association.

*Section 7.03.* For the purpose of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) The event specified in Section 7.02 (a) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.
- (b) Any event specified in Section 7.02 (c), (d) or (e) of this Agreement shall occur.
- (c) The event specified in Section 7.02 (f) of this Agreement shall occur.

### *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 execution and delivery of the Project Agreement on behalf of MTDA have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) the execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and MTDA, respectively, have been duly authorized or ratified by all necessary corporate and governmental action;

- (c) the forms of lease and sublease of lands of which MTDA has ninety-nine year leases for the purpose of developing tenant smallholder tea plantings under the Project, setting out fully the rights and obligations of MTDA, cooperative societies, and tenant smallholders, have been approved by the Association;
- (d) the necessary arrangements have been made so as to vest in MTDA the rights, including the right to receive land rents, of the Government of the Borrower in respect of the existing leases between the Government of the Borrower and cooperative societies; and
- (e) the Government of the Borrower, MTDA and Tea Manufacture (Sugar Millers) Ltd. have entered into a new agreement regulating the financial and operating arrangements for the Dubreuil factory which will have been approved by the Association and such agreement has become fully effective and binding on the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement.

*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 Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, MTDA, and constitutes a valid and binding obligation of MTDA in accordance with its terms;
- (b) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and MTDA, respectively, and constitutes a valid and binding obligation of the Borrower and MTDA in accordance with its terms;
- (c) that the necessary action referred to in Section 8.01 (d) of this Agreement has been taken; and
- (d) that the agreement referred to in Section 8.01 (e) of this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

*Section 8.03.* The date July 2, 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 4.01 through 4.03, 4.05, 4.06 and 4.08 through 4.11 of this Agreement and the provisions of Section 7.02 (c), (d) and (e) and Section 7.03 (b) of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date thirty 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 Finance of the Borrower 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:

Minister of Finance  
Government House  
Port Louis, Mauritius

Cable address:

Minfin  
Port Louis

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.

Mauritius:

By PIERRE GUY GIRALD BALENCY  
Authorized Representative

International Development Association:

By SIMON ALDEWERELD  
Vice President

## SCHEDULE 1

## WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

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

| <i>Category</i>  | <i>Amount of the<br/>Credit Allocated<br/>(Expressed in<br/>Dollar Equivalent)</i> | <i>% of<br/>Expenditures<br/>to be Financed</i> |
|--|--|---|
| I. Factory machinery, land clearing equipment and vehicles, other vehicles and research equipment              | 1,320,000  | 100% of foreign expenditures                    |
| II. Salaries of expatriate staff   | 150,000  | 100% of total expenditures                      |
| III. Farm development, including nursery, land clearing and preparation, planting, field maintenance and roads | 3,290,000  | 83% of total expenditures                       |
| IV. Construction of buildings, and office and minor factory equipment procured locally                         | 240,000  | 43% of total expenditures                       |
| V. Unallocated   | <u>200,000</u>   |   |
| TOTAL  | <u><u>5,200,000</u></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 "local 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, except that withdrawals may be made in respect of Categories I, II, III and IV on account of expenditures incurred after January 1, 1971, in an aggregate amount not exceeding \$130,000 equivalent;

(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 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 Category I, II, III or IV 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 Category I, II, III or IV 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 Category II, III or IV shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, modify 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, which is expected to have a six year development period, is the second phase of the Borrower's smallholder tea development program in the Project area and would add about 5,600 arpents of smallholder tea to the 3,800 arpents planted during the first phase and consists of:

- (A) Staffing and equipping MTDAs, including construction of offices, stores and leaf collection stations; provision of vehicles and equipment for land preparation and tea planting; and provision of vehicles for management and staff.

- (B) Carrying out the following program:
- (1) planting tea on 1,100 arpents of Crown Land held on ninety-nine year lease by MTDA and cleared and prepared prior to commencement of the Project;
  - (2) clearing, preparing and planting with tea a further 4,500 arpents of Crown Land held on ninety-nine year lease by MTDA;
  - (3) maintaining the 5,600 arpents for about 42 months after planting; and
  - (4) leasing the 5,600 arpents through some 15 cooperative societies established for the purpose to about 3,730 tenant smallholders in 1.5 arpent lots to each tenant smallholder at the end of the maintenance period.
- (C) Constructing two tea factories in the Project area, each with an initial annual capacity of 1 1/2 million lbs of made tea and subsequent expansion of each to an annual capacity of 3 million lbs of made tea.
- (D) Installing laboratory equipment for tea leaf analysis at the Sugar Industry Research Institute at Redit.

The Project is expected to be completed by June 30, 1977.

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.*]

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