

No. 12028

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
MAURITIUS**

**Development Credit Agreement—*DBM Project* (with General  
Conditions Applicable to Development Credit Agreements).  
Signed at Washington on 23 June 1972**

*Authentic text : English.*

*Registered by the International Development Association on 26 September 1972.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT**

**et  
MAURICE**

**Contrat de crédit de développement — *Projet relatif à la  
Development Bank of Mauritius* (avec Conditions générales  
applicables aux contrats de crédit de développement).  
Signé à Washington le 23 juin 1972**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 26 septembre 1972.*

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

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AGREEMENT, dated June 23, 1972, 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 foreign exchange cost of the Project described in Section 3.01 of this Agreement, as it may be amended from time to time, by extending the Credit as hereinafter provided;

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

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 following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions) :

(a) The following subparagraph is added to Section 2.01 :

“ 13. The term ‘ Project Agreement ’ has the meaning set forth in paragraph (b) of Section 1.02 of the Development Credit Agreement. ”

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<sup>1</sup> Came into force on 17 August 1972, upon notification by the Association to the Government of Mauritius.

<sup>2</sup> The said Agreement entered into force on 17 August 1972. As it does not constitute an international Agreement, it is not reproduced herein. However, it was published by the Association as document CN 313 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. 92 of this volume.

(b) The words “ Investment Projects ” are substituted for the words “ the Project ” at the end of Section 5.03.

(c) Paragraph (h) of Section 6.02 is deleted and paragraph (i) of such Section becomes paragraph (h).

(d) Section 6.03 is deleted and replaced by the following new Section :

“ SECTION 6.03. *Cancellation by the Association.* If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days or (b) by the date specified in Section 2.02 (f) of the Project Agreement no applications for approval or requests for authorization to withdraw from the Credit Account in respect of any portion of the Credit shall have been received by the Association, or having been so received, shall have been denied or (c) after the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right to request such approvals and authorizations or to make withdrawals from the Credit Account, as the case may be, with respect to such amount or portion of the Credit. Upon the giving of such notice such amount or portion of the Credit shall be cancelled. ”

(e) The words “ the Project Agreement ” are added after the words “ the Development Credit Agreement ” in Section 6.06.

(f) The words “ or the Project Agreement ” are added after the words “ the Development Credit Agreement ” in Section 8.02.

*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) “ DBM ” means the Development Bank of Mauritius.

(b) “ Project Agreement ” means the agreement of even date herewith between the Association and DBM, as such agreement may be amended from time to time.

(c) “ Subsidiary Loan Agreement ” means the agreement to be entered into between the Borrower and DBM pursuant to Section 3.03 of this Agreement.

(d) “ Sub-loan ” means a loan or credit made or proposed to be made by DBM to an Investment Enterprise for an Investment Project out of the proceeds of the Credit lent to DBM under the Subsidiary Loan Agreement, and “ free-limit sub-loan ” means a sub-loan, as so defined, which qualifies as a free-limit sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement.

(e) "Investment" means an investment other than a sub-loan, made or proposed to be made by DBM in an Investment Enterprise for an Investment Project out of the proceeds of the Credit relented to DBM under the Subsidiary Loan Agreement, or an investment in an Industrial Estate Project to be made directly by DBM.

(f) "Investment Enterprise" means an enterprise to which DBM proposes to make or has made a sub-loan or in which it proposes to make or has made an investment.

(g) "Investment Project" means a specific development project to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan or investment.

(h) "Industrial Estate Project" means a specific project undertaken by DBM of constructing and leasing buildings suitable for industrial enterprises.

(i) "Feasibility Study" means the study described in Section 3.01 of this Agreement.

(j) "Rupees" and "Rs" mean the currency of the Borrower.

(k) "foreign currency" means any currency other than the currency of the Borrower.

(l) "Ordinance" means the Development Bank of Mauritius Ordinance 1963, as amended from time to time, or any other enactment repealing and replacing such Ordinance.

(m) "Statement of Policy" means the statement of general policy of DBM as adopted and approved by its Board of Directors on October 27, 1971, as amended from time to time.

(n) "subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by DBM or by any one or more subsidiaries of DBM or by DBM and one or more of its subsidiaries.

(o) "Government Loans" means loans made by the Borrower to DBM from time to time for the purpose of financing DBM's operations and subordinated to all debt for the purpose of liquidation.

## 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 three million five hundred thousand dollars (\$3,500,000), for use by DBM.

*Section 2.02.* (a) Pursuant to Section 2.08 of this Agreement, except as otherwise agreed between the Borrower and the Bank, DBM, on behalf of the Borrower, may withdraw from the Credit Account amounts expended (or, if the Association shall agree, shall be required to meet expenditures to be made) by DBM, in a foreign currency for goods procured, or services supplied from, outside the territories of the Borrower, in Rupees on account of seventy-five percent (75%) of the invoiced price for goods previously imported into its territory through normal trade channels, and in Rupees on account of fifty percent (50%) of the invoiced price for goods produced in the territory of the Borrower to a substantial extent from materials previously imported into its territory, to finance the reasonable foreign currency cost of such goods or services in respect of which the withdrawal is requested for :

- (i) Investment Projects, up to a maximum of \$3,000,000;
- (ii) Industrial Estate Projects, up to a maximum of \$400,000; and
- (iii) the feasibility study, up to a maximum of \$100,000;

provided, however, that no withdrawal shall be made in respect of a sub-loan or investment unless (a) the sub-loan or investment shall have been approved by the Association; or (b) the sub-loan shall be a free-limit sub-loan for which the Association shall have authorized withdrawals from the Credit Account.

(b) A free-limit sub-loan shall be a sub-loan in an amount to be financed under the Development Credit Agreement which, together with any other amount or amounts previously financed for the same project under the Development Credit Agreement, and not repaid, shall not exceed in the aggregate the equivalent of \$50,000 and which, when added to all other free-limit sub-loans financed under the Development Credit Agreement, shall not exceed in the aggregate the equivalent of \$750,000, the foregoing amounts being subject to change from time to time as determined by the Association.

(c) Except as the Association and DBM shall otherwise agree and subject to the provisions of Section 5.01 of the General Conditions as modified in this Agreement, no withdrawals shall be made on account of expenditures made by an Investment Enterprise or DBM in respect of (i) a sub-loan subject to the Association's approval, or an investment, more than ninety days prior to the date on which the Association shall have received in respect of such sub-loan or investment the application and information required under Section 2.02 (b) of the Project Agreement or (ii) under a free-limit sub-loan, more than ninety days prior to the date on which the Association shall have received the request and information required by Section 2.02 (c) of the Project Agreement.

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

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.05.* Service charges shall be payable semi-annually on January 1 and July 1 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each January 1 and July 1 commencing July 1, 1982 and ending January 1, 2022, each installment to and including the installment payable on January 1, 1992 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}$ %) of such principal amount.

*Section 2.07.* The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.08.* DBM is irrevocably designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

### *Article III*

#### DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The purpose of the Project for which the Credit is granted is to assist DBM in financing the development of productive facilities and resources in the territories of the Borrower. The Project consists of :

- (a) the financing by DBM of private development projects through loans to and investments in enterprises in the territories of the Borrower in accordance with the Ordinance and the Statement of Policy of DBM;
- (b) the financing by DBM of Industrial Estate Projects; and
- (c) a study to be carried out by DBM with the assistance of consultants to prepare proposals for the future course of Industrial Estate Projects after the middle of 1973.

*Section 3.02.* Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall take

and cause to be taken all action necessary or appropriate to enable DBM to perform all the obligations set forth in the Project Agreement and the Subsidiary Loan Agreement, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

*Section 3.03.* (a) The Borrower shall relend the proceeds of the Credit to be expended on Investment Projects and Industrial Estate Projects to DBM under a subsidiary loan agreement to be entered into between the Borrower and DBM under terms and conditions which shall have been approved by the Association, and shall make available as a grant to DBM the proceeds of the Credit to be expended on the Feasibility Study.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

#### *Article IV*

##### PARTICULAR CONVENANTS

*Section 4.01.* The Borrower undertakes to meet the cost incurred by DBM in administering its small scale industries loan program as described in its Statement of Policy.

*Section 4.02.* The Borrower shall guarantee any loans made by DBM after July 1, 1972 for refinancing debts of agricultural enterprises at the request of the Borrower.

#### *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 DBM of its obligations under the Project Agreement, the performance by the respective parties of their respective obligations under the Subsidiary Loan Agreement, the administration, operations and financial condition of DBM, 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 sub-division.

*Section 5.02.* The Borrower and the Association shall promptly inform each other 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 either of them of its obligations under the Development Credit Agreement or the performance by DBM 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 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) a default shall occur in the performance of any obligation of DBM under the Project Agreement;
- (b) a change shall have been made in the Ordinance or in the Statement of Policy so as to affect materially and adversely the carrying out of the Project or the objectives, operations or financial condition of DBM or the efficiency of DBM's management or personnel;
- (c) any part of the principal amount of any loan to DBM having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity, as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;
- (d) a resolution shall have been passed for the dissolution or liquidation of DBM;
- (e) a subsidiary or any other entity shall have been created or acquired or taken over by DBM, if such creation, acquisition or taking over would adversely affect the conduct of DBM's business, its financial situation, the efficiency of its management and personnel or the carrying out of the Project; or
- (f) an extraordinary situation shall have arisen which shall make it improbable that DBM will be able to perform its obligations under the Project Agreement.

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

- (a) any event specified in Section 7.02 (a), (b) or (e) 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; and
- (b) any event specified in Section 7.02 (c) or (d) 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 DBM 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 DBM, respectively, have been duly authorized or ratified by all necessary corporate and governmental action; and

- (c) The amendment of Section 12 (i) of the Ordinance in a form acceptable to the Association.

*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, DBM, and constitutes a valid and binding obligation of DBM in accordance with its terms; and
- (b) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and DBM, respectively, and constitutes a valid and binding obligation of the Borrower and DBM in accordance with its terms.

*Section 8.03.* The date August 22, 1972 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 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty 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 BALANCY  
Authorized Representative

International Development Association :

By MOHAMED SHOAB  
Vice President

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.*]