

No. 12159

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
UPPER VOLTA**

**Development Credit Agreement—*Rural Development Fund Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 26 June 1972**

*Authentic text: English.*

*Registered by the International Development Association on 29 November 1972.*

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

**Contrat de crédit de développement — *Projet relatif au Fonds de développement rural* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 26 juin 1972**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 29 novembre 1972.*

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

AGREEMENT, dated June 26, 1972, between REPUBLIC OF UPPER VOLTA (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 French Republic through its Fonds d'Aide et de Coopération and the Caisse Centrale de Coopération Economique have agreed in principle to assist in the execution of the Project through the provision of technical experts; and

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

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>2</sup> with the same force and effect as if they were fully set forth herein, subject, however to the deletion of Sections 5.01 and 6.02 (h) thereof and to the renumbering of Section 6.02 (i) into 6.02 (h) 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 of January 23, 1961, and includes any successor thereto;

(b) "RDF" means the Rural Development Fund referred to in Section 3.02 (a) of this Agreement;

(c) "PWD" means the Direction des Travaux Publics of the Borrower's Ministry in charge of Public Works;

(d) "HER" means the Direction de l'Hydraulique et de l'Équipement Rural of the Borrower's Ministry in charge of Agriculture;

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

(f) "DDR" means the Direction du Développement Rural of the Borrower's Ministry in charge of Agriculture;

<sup>1</sup> Came into force on 16 October 1972, upon notification by the Association to the Government of the Upper Volta.

<sup>2</sup> See p. 189 of this volume.

(g) "Project Manager" means the person referred to in Section 3.02 (b) of this Agreement;

(h) "Interdepartmental Technical Committee" means the Committee referred to in Section 3.06 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 two million two hundred thousand dollars (\$2,200,000).

*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.* 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 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 April 1972, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

*Section 2.04.* The Closing Date shall be September 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 in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1982 and ending April 1, 2022, each installment to and including the installment payable on April 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 2.08.* 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.* 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 and other resources required for the purpose.

*Section 3.02.* (a) For the purposes of carrying out the Project, the Borrower shall cause BND to establish and maintain within its organization a new division, the Rural Development Fund.

(b) The Borrower shall cause BND to employ for its RDF operations, during the Project period, a Project Manager, a Deputy Manager and an Evaluation Officer whose qualifications and experience are acceptable to the Association, under terms and conditions satisfactory to the Association.

(c) The Borrower shall cause BND to keep a consolidated account for all RDF operations and separate accounts for each ORD by class of projects as set forth under Part C of Schedule 2 to this Agreement.

(d) The Borrower shall cause HER to employ, during the Project period, a sufficient number of engineers whose qualifications and experience are acceptable to the Association, under terms and conditions satisfactory to the Association.

*Section 3.03.* In order to enable BND to carry out its function as the financing mechanism under the Project, the Borrower shall credit to the RDF quarterly in advance the amounts estimated by the Project Manager to be the requirements for the execution of the Project for the following quarter on the basis of annual programs approved by the Association.

*Section 3.04.* The Borrower shall cause the ORD to prepare the projects set forth under Part C 2, 3, 4 and 5 of Schedule 2 to this Agreement with the assistance of its competent departments and agencies, and to present such projects to BND for financing.

*Section 3.05.* (a) The Borrower shall cause BND to appraise all proposed construction projects included in the Project through its RDF division with the assistance of the Borrower's departments and agencies before they shall be incorporated into annual programs. Such projects and programs shall be reviewed and approved first by the Interdepartmental Technical Committee and secondly by the Association.

(b) The Borrower shall cause BND to prepare a project report establishing the economic justification of each project included in the Project under Part C that is estimated to cost more than \$20,000 and to submit for approval to the Association the project report and its recommendations; works on such project shall start only after the Association has approved such project.

*Section 3.06.* (a) 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, an Interdepartmental Technical Committee which shall consist of, *inter alia*, high ranking representatives of its Ministries interested in the execution of the Project.

(b) The Chairman of the Interdepartmental Technical Committee shall be a member of the Borrower's Government and the Secretary of such Committee shall be the Project Manager.

*Section 3.07.* The Borrower shall cause PWD to employ a qualified and experienced highway engineer acceptable to the Association to supervise the feeder road construction included in the Project.

*Section 3.08* (a) The Borrower shall at all times provide through the ORD the necessary agricultural extension and credit services to farmers benefitting from the land and water development projects included in the Project.

(b) The Borrower shall cause the ORD to organize farmer groups for each such land and water development project, which shall provide all unskilled labor required for maintenance and shall meet direct costs incurred by the ORD for maintenance of *bas fonds* and small irrigation schemes through paying an annual levy. Such maintenance charges shall be annually reviewed in consultation with the Association.

(c) The Borrower shall cause its Ministry in charge of Agriculture to define in a model contract approved by the Association the respective rights and obligations of the ORD and the farmers participating in land development projects.

*Section 3.09.* The Borrower shall charge ORD with the management and maintenance of the warehouses and the land and water development projects, HER with the maintenance of the wells, and PWD with the maintenance of feeder roads included in the Project, and shall make adequate funds available to these agencies for this purpose.

*Section 3.10.* The Borrower shall cause BND, assisted by its departments and agencies, to conduct studies on the implications of the execution of the Project to the Borrower's budget the impact of increased economic activity brought about by RDF and the feasibility of collecting repayments for project costs from the farmers. The terms of reference and the timetable for such studies shall be approved by the Association and the Association shall have the opportunity to review the progress of such studies and to comment on the final report.

*Section 3.11.* (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 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.

*Section 3.12.* (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules, for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall 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 accredited 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 maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound

accounting practices the operations, resources and expenditures, 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 cause BND to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of BND.

(c) 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 seven 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 cause BND 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.* The Borrower shall cause about 20 wells and tube wells equipped with pumps, including hand operated wheel type pumps, to be constructed under Part C 2 of Schedule 2 to this Agreement, and cause BND and the appropriate ORD to maintain records adequate to reflect the cost, efficiency, and utility of such wells in comparison with the open-type wells that would comprise the remainder of the wells constructed under Part C 2 of the Project.

*Section 4.04.* (a) The Borrower shall cause BND, the appropriate ORD and the competent administrations to furnish to the Association such information regarding public health and environmental sanitation as the Association may reasonably require, and shall cooperate with and give assistance to health experts of the Association carrying out a study financed by the Association about the effects of the Project on the health conditions of the population and the measures to be taken against any possible adverse effect.

(b) The Borrower shall take the necessary steps to ensure that constructions under the Project would not adversely affect health conditions. Such measures shall include the control of bilharzia snails and the larvae of the blackfly vector of onchocerciasis in constructions under Part C 4 of Schedule 2 to this Agreement; and the routine treatment of the wells constructed under Part C 2 against pollution with human disease organisms.

#### *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, resources and expenditures

- of BND and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of 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. 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 administration, operations and financial condition, resources and expenditures of BND and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(b) 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.

(c) Without limiting the generality of the foregoing, the Borrower shall inform the Association of any new assistance for rural development and ensure that such assistance shall be administered in a way that does not conflict with the objectives and operations of RDF.

*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 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) Law No. 6/61/AN of January 23, 1961 of the Borrower shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the carrying out of the Project.

(b) Law No. 20/65/AN of July 28, 1965 of the Borrower shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the carrying out of the Project.

*Section 7.03.* For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that any event specified in paragraphs (a) and (b) of Section 7.02 of this Agreement shall occur.

#### *Article VIII.* EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the Interdepartmental Technical Committee shall have been duly established and its members appointed in accordance with the provisions set forth in Section 3.06 of this Agreement.

*Section 8.02.* The date September 29, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 8.03.* The obligations of the Borrower under Article IV of this Agreement and the provisions of paragraphs (a) and (b) of Section 7.02 of this Agreement and those of Section 7.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date 10 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 DOMINIQUE SISSO  
Authorized Representative

International Development Association:

By MOHAMED SHOAIB  
Vice President

### SCHEDULE I

#### WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

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

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. C.I.F. (Ouagadougou) cost of equipment imported under Parts A and B of the Project	141,500	100% of foreign expenditures
II. Construction costs, equipment, materials and supplies for Part C of the Project; Office and other equipment, all operating costs and salaries of the road engineer and local personnel for Parts A and B of the Project; costs of studies under Part D of the Project	1,834,000	83% of total expenditures
III. Unallocated	224,500	
	<u>TOTAL</u>	
	<u>2,200,000</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 country other than the Borrower; provided, however, that if the currency of the Borrower is also that of another country 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";

(b) the term "local expenditures" means expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and

(c) the term "total expenditures" means the aggregate of foreign and local expenditures 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 directly 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; and
- (c) if after consultation with the Borrower, the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project consists of the following parts:

*Part A.* Staffing and equipping the RDF.

*Part B.* Strengthening the personnel of and equipping the HER and the PWD.

*Part C.* Construction of:

1. about 5 sections of feeder roads, by the PWD, totaling about 270 km;
2. about 500 wells;
3. about 700 warehouses;
4. facilities for about 190 small land and water development projects covering about 2,700 ha in total; and
5. such other facilities as the studies carried out under Part D below will show to be technically and economically sound and of high development priority.

*Part D.* The carrying out of studies, including studies on the implications of the execution of the Project to the Borrower's budget, the impact of increased economic activity brought about by RDF and the feasibility of collecting repayments for project costs from

the farmers, and a study on the impact of the Project on the health condition of Project participants. Such study may encompass remedial measures eventually to be taken in this field.

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

### SCHEDULE 3

#### PROCUREMENT

1. With respect to any contract for goods and services, other than those referred to under paragraph 3 of this Schedule, estimated to cost more than the equivalent of \$50,000:

(a) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

(c) The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked.

(d) Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

2. With respect to any other contract for goods and services, other than those referred to under paragraph 3 of this Schedule, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract, together with the analysis of bids, recommendations for award and such other information as the Association shall reasonably request. The Association shall, if it determines that the award of the contract is not consistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

3. Any contract for goods and services estimated to cost less than the equivalent of \$4,000 may be awarded by the Borrower on the basis of quotation from local suppliers.

#### 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.]