

No. 13556

**DENMARK
and
DAHOMY**

Agreement regarding a loan by the Kingdom of Denmark to the Republic of Dahomey (with annexes and exchange of letters). Signed at Cotonou on 25 March 1974

Authentic text: French.

Registered by Denmark on 19 September 1974.

**DANEMARK
et
DAHOMY**

Accord relatif à un prêt du Royaume du Danemark à la République du Dahomey (avec annexes et échange de lettres). Signé à Cotonou le 25 mars 1974

Texte authentique: français.

Enregistré par le Danemark le 19 septembre 1974.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE GOVERNMENTS OF THE KINGDOM OF DENMARK AND OF THE REPUBLIC OF DAHOMEY REGARDING A LOAN BY THE KINGDOM OF DENMARK TO THE REPUBLIC OF DAHOMEY

The Government of Denmark and the Government of Dahomey, desiring to strengthen the traditional co-operation and cordial relations existing between their countries, have agreed that, with a view to the economic development of Dahomey, a Danish Government loan shall be extended to Dahomey in accordance with the following provisions of this Agreement and the attached annexes which form an integral part of the Agreement.

Article I. THE LOAN

The Government of Denmark (hereinafter called the Lender) shall extend to the Government of Dahomey (hereinafter called the Borrower) a loan of 20 million Danish kroner for the purposes described in article VI below.

Article II. LOAN ACCOUNT

1. An account designated "Dahomean Government Loan Account No. II" (hereinafter called "Loan Account") shall be opened at the Borrower's request with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Banque centrale des États de l'Afrique de l'Ouest, Agence de Cotonou (acting as agent for the Borrower). The Lender shall ensure that sufficient funds are always available in the Loan Account to enable the Borrower to effect punctual payments for the capital goods and services which may be provided under the loan.

2. The Borrower (or the Banque centrale des États de l'Afrique de l'Ouest, Agence de Cotonou) shall be entitled, subject to the provisions of the Agreement, to withdraw from the Loan Account amounts needed for payment for capital goods or services provided under the loan.

Article III. RATE OF INTEREST

The loan shall be free of interest.

¹ Came into force on 25 March 1974 by signature, in accordance with article X (1).

Article IV. REPAYMENT

1. The Borrower undertakes to repay the loan in 50 semi-annual instalments of 400,000 Danish kroner each, the first instalment on 1 April 1984, the final instalment on 1 October 2008.

2. If, in accordance with the provisions of article VI, paragraph 9, the loan has not been fully utilized, the amount of the semi-annual instalments shall be revised by agreement between the Borrower and the Lender.

Article V. PLACE OF PAYMENT

The Borrower undertakes to repay the loan to Danmarks Nationalbank in convertible Danish kroner by crediting the current account of the Ministry of Finance with Danmarks Nationalbank.

Article VI. USE OF THE LOAN BY THE GOVERNMENT OF DAHOMEY

1. The Borrower shall use the loan to finance imports from Denmark of such capital goods of Danish origin (including transport charges from Denmark to Dahomey) as are to be used for identifiable projects and are needed for the economic development of Dahomey (indicated on the annexed list, which may be amended or extended by agreement between the Borrower and the Lender).

2. In addition, the loan shall be used for payment for Danish services required for the implementation of the development projects of Dahomey, including, in particular, pre-investment studies, preparation of plans, experts engaged in the execution of projects, assembly or construction of plants or buildings, and technical and administrative assistance during the putting into operation of undertakings established by means of the loan.

3. Part of the loan, not exceeding 25 per cent, may be used to meet local expenses related to projects for which contracts for the delivery of Danish capital goods or Danish services have been approved by the Lender for financing under the loan. At no time may the total sum withdrawn to meet such expenses exceed 33 1/3 per cent of the total amount for which contracts for the delivery of Danish capital goods and Danish services have been approved by the Lender for financing under the loan.

4. All the contracts financed by means of the loan shall be subject to approval by the Borrower and the Lender.

5. By approving a contract concluded under the loan, the Lender shall not assume any responsibility as to the proper execution or implementation of the contract.

Moreover, the Lender shall not be responsible for the profitable use of the goods provided and the services financed by the loan, or for the proper execution of the plans, etc., of which such goods and services form part.

6. A contract concluded under the loan shall not contain any provisions under which the Danish exporter grants special credit facilities.

7. The loan shall be used only to pay for capital goods and services for which a contract is signed after the entry into force of the Agreement, unless otherwise agreed by the Borrower and the Lender.

8. The loan shall not be used for payment of customs duty, taxes or other government or public charges in any form, for example, import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connexion with the issue of payments licences or import licences to the Borrower.

9. The Borrower may draw against the account with Danmarks Nationalbank referred to in article II in fulfilment of contracts approved by the Lender and the Borrower for a period of up to three years from the date on which the Agreement enters into force or from another date decided on by agreement between the Lender and the Borrower.

Article VII. NON-DISCRIMINATION

1. The Borrower undertakes not to accord the Lender less favourable treatment with regard to the repayment of the loan than that accorded to other foreign creditors.

2. All shipments of capital goods under this Agreement shall be effected in accordance with the principle that all ships have the right to participate in international trade in conditions of free and equal competition.

Article VIII. MISCELLANEOUS PROVISIONS

1. Prior to the first drawing against the account referred to in article II, the Borrower shall satisfy the Lender that all the constitutional or other legislative requirements of the country of the Borrower have been met, so that this Agreement shall be legally binding on the Borrower.

2. The Borrower shall inform the Lender of persons authorized to act on its behalf and shall provide an authenticated specimen signature of each of them.

3. Any notice, request or arrangement under this Agreement shall be in writing.

Article IX. PARTICULAR COVENANTS

The repayment of the loan shall be effected without deduction of and free from all taxes and charges and from all restrictions provided for in the domestic law of the Borrower. The Agreement shall be exempt from any charges under the present or future laws of the Borrower in connexion with the issue, conclusion, registration or entry into force of the Agreement or otherwise.

Article X. DURATION OF THE AGREEMENT

1. This Agreement shall enter into force on the date of its signature.
2. The Agreement shall terminate as soon as the entire principal has been repaid.

Article XI. ADDRESSES

The following addresses are specified for the purposes of this Agreement:

The Borrower:

Ministry of the Economy and Finance
B.P. No. 302 Cotonou
Telex 5252 Minecop

The Lender: With respect to disbursements:

Ministry of Foreign Affairs
Division of International Co-operation for Development
Copenhagen

Telegraphic address:
Étrangères Copenhagen

The Lender: With respect to the repayment of the semi-annual instalments:

Ministry of Finance
Copenhagen

Telegraphic address:
Finans Copenhagen

IN WITNESS WHEREOF the representatives duly authorized by the Lender and the Borrower have signed the Agreement in duplicate at Cotonou on 25 March 1974.

For the Government of Denmark:

FINN AASBERG-PETERSEN

For the Government of Dahomey:

CYRILLE SAGBO

ANNEX I

The following provisions shall govern the rights and obligations arising from the Agreement concluded between the Governments of the Kingdom of Denmark and of the Republic of Dahomey regarding a Danish Government loan to Dahomey (hereinafter called the Agreement). They are considered an integral part of the Agreement, with the same force and effect as if they were set forth therein.

Article I. CANCELLATION AND SUSPENSION

1. The Borrower may, by a notice to the Lender, cancel any amount of the loan which he has not utilized.

2. In the event of failure on the part of the Borrower to carry out any obligation or decision pursuant to the Agreement, the Lender is entitled to suspend, wholly or in part, the Borrower's right to draw on the Loan Account. If the circumstance which entitled the Lender to suspend the Borrower's right to draw on the Account persists beyond a period of 60 days after the Lender's notice to the Borrower of the suspension, the Lender may at any time claim immediate repayment of the withdrawn portion of the loan, notwithstanding anything in the Agreement to the contrary unless the basis on which the suspension was made has ceased to exist.

3. Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall continue in force and effect, except as otherwise expressly provided in this article.

Article II. SETTLEMENT OF DISPUTES

1. Any dispute between the Lender and the Borrower concerning the interpretation or application of this Agreement which has not been settled within six months through the diplomatic channel shall, at the request of one of the Parties, be submitted to an arbitral tribunal of three members. The chairman of the tribunal shall be a national of a third country and shall be elected by agreement between the Lender and the Borrower. Should the Parties fail to agree on the election of the chairman of the tribunal, each of them may request the President of the International Court of Justice to make the appointment. Each of the Parties shall appoint its own arbitrator; should one Party fail to appoint its arbitrator, the latter may be appointed by the chairman of the arbitral tribunal.

2. Each of the Contracting Parties shall observe and carry out the awards rendered by the arbitral tribunal.

ANNEX II

This Agreement shall apply to deliveries of machinery and equipment and to services of Danish origin supplied from Denmark to Dahomey for:

1. Purification of waste water at Cotonou.
2. Water supply at Parakou.
3. Other projects agreed on by the two Governments.

EXCHANGE OF LETTERS

I

EMBASSY OF DENMARK

Cotonou, 25 March 1974

Sir,

With reference to the Agreement signed this day between the Governments of the Republic of Dahomey and of the Kingdom of Denmark regarding a development loan (hereinafter called the Agreement), I have the honour to propose that the following rules shall apply to the implementation of article VI of the Agreement.

Disbursements from the Loan Account shall be effected in the following manner:

1. The Danish exporter or expert and the Dahomean importer or investor shall conclude a contract which shall in the last instance be approved by the authorities of Dahomey and of Denmark. No contract for an amount less than 100,000 kroner, except in the case of utilization of the final balance of the loan, shall be financed under the Agreement.

2. The Government of Dahomey shall submit to the Danish Ministry of Foreign Affairs copies of contracts drawn up under the Agreement. The Ministry of Foreign Affairs shall ascertain, *inter alia*, whether:

- (a) the goods or services covered by the contract fall within the scope of the Agreement;
- (b) the capital goods in question were manufactured in Denmark or the services required will be rendered by persons carrying on business in Denmark and it shall inform the Government of Dahomey of its decision.

3. When the contracts have been approved, the Government of Dahomey may draw on the account opened with Danmarks Nationalbank in order to effect payment for the consignment of goods or the services referred to in the contract. Disbursements from this account to pay Danish exporters or experts shall be subject to presentation of the necessary documents after Danmarks Nationalbank has determined that all the conditions for making such disbursements have been fulfilled.

If the foregoing provisions are acceptable to the Government of Dahomey, I have the honour to propose that this letter and your reply shall constitute an agreement between our two Governments.

FINN AASBERG-PETERSEN
Ambassador of Denmark

II

MINISTRY OF FOREIGN AFFAIRS

GENERAL SECRETARIAT

Cotonou, 25 March 1974

Sir,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

[*See letter I*]

I have the honour to inform you that my Government is in agreement with the foregoing.

CYRILLE SAGBO
Ambassador