

No. 13657

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
SUDAN**

**Development Credit Agreement—*Southern Region Agricultural Rehabilitation Project* (with schedules and General Conditions Applicable to Development Credit Agreements dated 15 March 1974). Signed at Washington on 5 June 1974**

*Authentic text: English.*

*Registered by the International Development Association on 14 November 1974.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
SOUDAN**

**Contrat de crédit de développement — *Projet de relèvement agricole dans la région du Sud* (avec annexes et Conditions générales applicables aux contrats de crédit de développement en date du 15 mars 1974). Signé à Washington le 5 juin 1974**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 14 novembre 1974.*

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

AGREEMENT, dated June 5, 1974, between the DEMOCRATIC REPUBLIC OF THE SUDAN (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

### *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 March 15, 1974,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association 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) "Project Development Unit" or "PDU" means the Project Development Unit established in the Southern Regional Government's Ministry of Agriculture, Irrigation, Forestry and Animal Production pursuant to Section 3.03 of, and Schedule 4 to, this Agreement;

(b) "Southern Region" or "Southern Region of the Sudan" means the Southern Provinces of the Sudan, as defined by Section 2(iii) of the Borrower's Southern Provinces Regional Self Government Act, 1972, which constitutes a self-governing region within the Democratic Republic of the Sudan;

(c) "Southern Regional Government" means the regional government established in the Borrower's Southern Region under Article 8 of the Borrower's Constitution of 1973 and in accordance with the Borrower's Southern Provinces Regional Self Government Act, 1972; and

(d) "Rehabilitation Program" means the Borrower's agricultural rehabilitation program for the Southern Region as described in Schedule 2 to 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 ten million seven hundred thousand dollars (\$10,700,000).

*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 may be amended from time to time, for expenditures

<sup>1</sup> Came into force on 6 September 1974, upon notification by the Association to the Government of the Sudan.

<sup>2</sup> See p. 246 of this volume.

made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

*Section 2.03.* Except as the Association shall otherwise agree, contracts for the purchase of goods, the carrying out of works or services (other than consultants' services) for the Project and to be financed out of the proceeds of the Credit, shall be awarded in accordance with the provisions of Schedule 3 to this Agreement.

*Section 2.04.* The Closing Date shall be December 31, 1979 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 February 1 and August 1 in each year.

*Section 2.07.* The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1984, and ending February 1, 2024, each installment to and including the installment payable on February 1, 1994 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 United States of America 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 through the Southern Regional Government with due diligence and efficiency and in conformity with appropriate administrative, agricultural and financial practices, and shall provide to the Southern Regional Government, promptly as needed, the funds, facilities, services, staff and other resources (including adequate fuel) required for the purpose.

*Section 3.02.* Without limitation or restriction to the Borrower's obligations under Section 3.01 of this Agreement, the Borrower shall provide the Southern Regional Government (i) with an amount initially of not less than two hundred fifty thousand Sudanese Pounds (£S250,000) to be made available by July 1, 1974 for the purposes of the Project and (ii) all such other sums as the Southern Regional Government shall require to carry out the Project.

*Section 3.03.* (a) The Borrower shall cause to be established in the Southern Regional Government's Ministry of Agriculture, Irrigation, Forestry and Animal Production the Project Development Unit and the Executive Committee described in Schedule 4 hereto.

(b) The Borrower shall under arrangements satisfactory to the Association cause a Project account to be established in the name of the Project Development Unit to which shall be credited all sums which the Borrower is to provide the Southern Regional Government under Section 3.02 of this Agreement.

*Section 3.04.* The Borrower shall employ or cause to be employed on terms and conditions satisfactory to the Association an adequate number of qualified and experienced staff to carry out the Project.

*Section 3.05.* Except as the Association shall otherwise agree, the operating policies and procedures for the carrying out of the Project shall be as set forth in the Annex to Schedule 2 hereto.

*Section 3.06.* (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 3.07.* (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 and the Rehabilitation Program (including the cost of the Project) 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 visit the facilities and construction sites included in the Project and the Rehabilitation Program and to examine 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 and the Rehabilitation Program, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

*Section 3.08.* The Borrower shall take or cause to be taken all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Association, promptly after such acquisition, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

*Section 3.09.* The Borrower shall ensure that, except as the Association shall otherwise agree, the price paid for cotton grown in the Southern Region by the Equatoria Agricultural Production Corporation shall be not less than 3.5 piastas per pound of seed cotton.

*Section 3.10.* The Borrower: (i) shall carry out or cause to be carried out the Rehabilitation Program with due diligence and efficiency and in conformity with appropriate administrative, agricultural and financial practices; and (ii) shall not make any material changes, in the stated objectives of the Rehabilitation Program without the Association's prior agreement.

#### Article IV. OTHER COVENANTS

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

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

*Section 4.02.* The Borrower shall cause PDU 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 appropriate practice.

#### Article V. REMEDIES OF THE ASSOCIATION

*Section 5.01.* The Association may, upon the occurrence of certain events specified in Sections 6.02 or 7.01 of the General Conditions and the continuance thereof for the period, if any, specified for the purpose: (i) suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account or (ii) declare the principal of the Credit then outstanding to be due and payable immediately together with the charges thereon.

#### Article VI. EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01(b) of the General Conditions:

- (a) the establishment of PDU's Executive Committee; and
- (b) the appointment of a Project Director acceptable to the Association.

*Section 6.02.* The date September 6, 1974 is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### Article VII. REPRESENTATIVE OF THE BORROWER; ADDRESSES

*Section 7.01.* The Commissioner General for Development of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

*Section 7.02.* The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

National Planning Commission  
The Democratic Republic of the Sudan  
P.O. Box 2092  
Khartoum, Sudan

Cable address:

Eimar  
Khartoum, Sudan

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 in the District of Columbia, United States of America, as of the day and year first above written.

The Democratic Republic of the Sudan:  
By ABDEL AZIZ AL NASRI HAMZA  
Authorized Representative

International Development Association:  
By MICHAEL L. LEJEUNE  
Director, Country Programs Department  
Eastern Africa Regional Office

## 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 the amounts of the Credit to each Category and the percentage of expenditures for items 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. Food crops development .....	2,010,000	}
II. Cash crop development including Credit to farmers for on-farm investments:		
(a) Cotton .....	310,000	
(b) Coffee .....	760,000	
(c) Dairy .....	270,000	

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
III. Animal Disease Control .....	1,815,000	}
IV. Livestock marketing and survey .....	180,000	
V. Livestock improvement center .....	170,000	
VI. Project headquarters .....	1,685,000	
VII. Unallocated .....	3,500,000	
TOTAL	<u>10,700,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures for goods or services supplied from the territory, and in the currency, of any country other than the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower and for goods or services supplied from the territory of the Borrower.

3. The disbursement percentages have been calculated in compliance with the policy of the Association that no proceeds of the Credit shall be disbursed on account of payments for taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if any event occurs which shall affect the amount of any such taxes included in the cost of any item to be financed out of the proceeds of the Credit, the Association may, by notice to the Borrower, correspondingly adjust the disbursement percentage then applicable to such item.

4. Notwithstanding the provisions of paragraph 2 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 and VI on account of expenditures incurred after August 1, 1973 in an aggregate amount not exceeding the equivalent of \$160,000;

(b) expenditures relating to any Category until the Association notifies the Borrower that it is satisfied that adequate staff and management exist for the Part of the Project to which the Category relates; and

(c) expenditures relating to Category V until the Association notifies the Borrower that it is satisfied that families now on the Wau Ranch have been resettled outside the ranch.

5. Notwithstanding the allocation of an amount of the Credit or the disbursement percentages set forth in the table in paragraph 1 above, if the Association has reasonably estimated that the amount of the Credit then allocated to any Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Association may, by notice to the Borrower: (i) reallocate to such Category to the extent required to meet such estimated shortfall proceeds of the Credit which are then allocated to another Category and which in the opinion of the Association are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

6. If 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 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 forms a part of the Borrower's program for the rehabilitation of agriculture, livestock and forestry in the Southern Region of the Sudan. The Rehabilitation Program involves the development of food crops, reestablishment of cash crops, improvement of animal health, smallholder dairy development, livestock marketing, development of a livestock center, necessary agricultural feeder roads and forestry development to provide the frame-work for long-term growth of the agricultural sector in the Southern Region of the Sudan. The Project, which includes about 60 man-years of specialist technical services, consists of the following Parts:

- Part A:* The establishment of (i) a main crop experimental station with offices, housing, a seed production farm and processing and storage facilities at Yei to produce improved seed for sale to farmers, (ii) district crop trial stations to carry out local testing of seeds and serve as extension work centers, (iii) a workshop, (iv) a seed marketing unit at Yei to distribute improved seed to farmers, and (v) an extension, nutrition and communications center to develop and provide services to farmers.
- Part B:* The provision to about 10,000 smallholder farmers in suitable cotton-growing areas of the Southern Region where adequate seed-cotton purchasing arrangements and ginning facilities are available of (i) credit for the purchase of sprayers and insecticides for disease control and (ii) necessary extension services and staff training.
- Part C:* The provision of seedling nurseries, necessary irrigation facilities, processing plants, storage facilities, credit and extension services to about 3,200 smallholder farmers in Equatoria Province for the production of Robusta or other suitable coffee.
- Part D:* Part of a program to control Rinderpest and Contagious Bovine Pleuropneumonia and other cattle diseases in the Southern Region including (i) the construction at Juba of a central vaccine laboratory and two provincial laboratories at Wau and Malakal which will provide diagnostic services and serve as bases for mobile disease survey units, (ii) the establishment of locally staffed vaccination teams and the operation of a stockman training school at Malakal, and (iii) a four-year campaign to vaccinate annually when fully operational about 70 per cent of cattle in the Southern Region.
- Part E:* The establishment of about 60 ten-acre smallholder dairy farms for use by about 700 head of local dairy cows.
- Part F:* Development of a livestock marketing and survey program involving the establishment of mobile marketing teams to act as residual buyers of livestock at local markets.
- Part G:* The establishment of a livestock improvement center at the Marial Bai cattle ranch to evaluate the performance of local cattle and to study the management techniques necessary for the development of an integrated ranching industry.



*Part H:* The establishment of headquarters to provide the staff and other inputs needed to coordinate and carry out the Project.

The Project is expected to be completed by December 31, 1978.

## ANNEX TO SCHEDULE 2

### OPERATING POLICIES AND PROCEDURES

#### PART I

##### A. *Food Crop Development*

(1) Improved seed will be produced at a main center and sold by the marketing section either directly from trucks or through local storekeepers who will receive about 20% of the price as commission. The seed will be sold at a price to be determined annually by the Borrower.

(2) The main crop trial center at Yei will provide a center for a food crop extension and nutrition unit which will give advice to farmers throughout the Southern Region on the agronomic qualities of the new seed varieties and advise the center of the suitability and palatability of different varieties.

##### B. *Cotton Development*

(1) Credit will be provided for inputs to enable farmers to spray their cotton.

(2) Loans for sprayers and insecticides will be consolidated in annual loans to each farmer recoverable in full from annual cotton sales.

##### C. *Coffee Development*

(1) About 3,200 farmers will receive credit for coffee development. Each farmer will be eligible to receive a medium-term loan bearing interest of not less than 7½% per annum and repayable over 8 years (with a 3-year grace period on principal and interest) for the purchase of planting material, drying trays and, where required, supplemental irrigation equipment and for operating costs of irrigation equipment.

(2) The Yei center will manage coffee development and provide maintenance facilities for farmers' pumps, and hulling and cleaning plants.

##### D. *Animal Disease Control*

The vaccination teams plus laboratory facilities in each province will complement veterinarians and vehicles from other sources. The teams are expected to vaccinate annually about 70 per cent of the Southern Region's cattle when fully operational. The Veterinary Department of the Southern Regional Government will be entrusted with responsibility for carrying out this portion of Part D of the Project.

##### E. *Smallholder Dairy Development*

(1) About 600 acres of irrigated pasture will be developed in blocks adjacent to a river. Smallholder dairy farmers will be established on individual 10 acre farms. They will select 12 of their own cows in milk for grazing on the farms. Three 12 acre demonstration units will be established within the development areas to assist and train the cattle owners.

(2) Costs of irrigation machinery, fencing, simple dairy building, dairy equipment fertilizer and land development will be consolidated into a loan for each farmer. Loans will be repayable over 8 years with interest at not less than 7½% per annum.

##### F. *Livestock Marketing and Survey*

(1) A livestock marketing unit will construct holding grounds at Wau, Malakal and Juba and improve the Rumbek-Juba stock route.

(2) A \$65,000 equivalent revolving trading fund will be operated for the purchase of cattle at a price to be periodically determined by the Executive Committee.

(3) The livestock marketing unit will also obtain information on cattle production and movements. The information will be analyzed by the livestock economist at Project headquarters.

#### G. *Livestock Improvement Center*

(1) The center will be located at the Government-owned Marial Bai cattle ranch.

(2) It will provide the infrastructure necessary to carry out cattle breeding and fattening operations. The staff of the Center will collect and analyze data on grazing patterns, mortality, fertility, pasture management, stocking rates and development and production costs. Data collected will be compared with performance data from local nomadic herds.

### PART 2

A. Repayments from farmers will be channelled into a revolving fund to provide further credit to cotton, coffee and smallholder dairy farmers. A further \$65,000 will be utilized by PDU as a trading capital fund for cattle purchases under Part F of the Project. Any surplus funds from repayments by farmers and the trading capital fund will after the end of Project implementation be utilized by the Borrower for other agricultural credit operations in the Southern Region.

B. Payments from the Project account will be made by the Financial Controller of PDU for all Parts of the Project except Part D after certification by the Project Director. Payments for Part D will be made by the said Financial Controller after certification by the Assistant Director of the Department of Animal Production of the Southern Region.

## SCHEDULE 3

### PROCUREMENT

#### A. *General Procedures*

1. Except as provided in Part A(4) hereof contracts for vehicles shall be let under procedures consistent with those set forth in the "Guidelines for Procurement under World Bank Loans and IDA Credits" published by the Bank in April 1972, as revised in October 1972 (hereinafter called the Guidelines), on the basis of international competitive bidding.

2. (a) Contracts for civil works shall be awarded on the basis of local competitive bidding restricted to firms in the Sudan and adjacent countries. However with the agreement of the Association civil works may be carried out by force account.

(b) Goods other than vehicles costing the equivalent of \$30,000 or more and any such goods if capable of being grouped into packages exceeding the equivalent of \$30,000 as required by Part A.3 hereof, shall be procured on the basis of local competitive bidding restricted to firms in the Sudan and its adjacent countries.

(c) Goods other than vehicles costing the equivalent of less than \$30,000 shall be procured by negotiated purchase after solicitation of quotations from suppliers in the Sudan and its adjacent countries.

3. Tenders for contracts for civil works or for goods other than vehicles shall be advertised in the Sudan and its adjacent countries. Where feasible such goods will be grouped into packages exceeding \$30,000 in accordance with sound technical and

procurement practices. Tenders for civil works contracts estimated to cost the equivalent of less than \$30,000 may be advertised in the Sudan only.

4. The Borrower may procure five vehicles through regular commercial channels.

B. *Review of Procurement Decisions by Association*

1. Review of invitation to bid and of proposed awards and final contracts:

With respect to contracts for vehicles other than vehicles referred to in Part A(4) hereof:

(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 procedures 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 which it intends to award the contract and the reasons for the intended award 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 recommendation for award and such other information as the Association shall reasonably request. The Association shall, if it determines that the intended award would be inconsistent with the Guidelines or this Schedule, 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 or prequalification invited.

(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 such contract.

2. With respect to each contract to be financed out of the proceeds of the Credit and not governed by the preceding paragraph, 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 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 was not consistent with the Guidelines or this Schedule, promptly inform the Borrower and state the reasons for such determination.

## SCHEDULE 4

### PROJECT DEVELOPMENT UNIT

A. *Functions*

1. PDU will be responsible for the implementation and overall management of all Parts of the Project except Part D (animal disease control). It will also provide extension and research assistance to farmers, operate the Project account mentioned in Section 3.03(b) of this Agreement and be responsible for the procurement of goods and services under the Project, evaluation and collection of research data. PDU will be responsible for local training activities involving the training school at Yei and for

providing lower level Project staff with training. PDU will also arrange for about 12 man-years training for graduate and diploma staff with particular emphasis on farm management techniques.

2. PDU will keep separate accounts of all Project costs which should show their relation to the respective Parts of the Project.

3. A road section will be attached to PDU to provide necessary feeder roads required for the coffee, cotton, food crop and other operations under the Project.

4. PDU will, within the existing civil service regulations, have power to employ such staff as may be required to carry out its functions and pay such special allowances as may be necessary to obtain competent staff.

#### B. *Executive Committee*

1. PDU's activities will be directed by an Executive Committee responsible to the Minister of Agriculture, Irrigation, Forestry and Animal Production of the Southern Regional Government. The Committee's members will include (a) the following officials of the Southern Regional Government: the Director of the Ministry of Agriculture, Irrigation, Forestry and Animal Production as chairman, the Director of the Ministry of Finance and Planning, the Director of the Ministry of Co-operation and Rural Development, or their representatives, and the Assistant Director (Animal Production); (b) such other persons as the Executive Committee may co-opt; and (c) the Project Director.

2. The Project Director will be responsible to the Executive Committee for the implementation of all Parts of the Project except Part D.

### GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS, DATED MARCH 15, 1974

#### *Article I. APPLICATION TO DEVELOPMENT CREDIT AGREEMENTS*

SECTION 1.01. *Application of General Conditions.* These General Conditions set forth certain terms and conditions generally applicable to development credits granted by the Association to its members. They shall apply to any development credit agreement providing for any such development credit to such extent and subject to such modifications as shall be provided in such agreement.

SECTION 1.02. *Inconsistency with Development Credit Agreements.* If any provision of a development credit agreement is inconsistent with a provision of these General Conditions, the provision of the agreement shall govern.

#### *Article II. DEFINITIONS; HEADINGS*

SECTION 2.01. *Definitions.* The following terms have the following meanings wherever used in these General Conditions:

1. The term Association means International Development Association.
2. The term Bank means International Bank for Reconstruction and Development.
3. The term Development Credit Agreement means the particular development credit agreement to which these General Conditions shall have been made applicable, as such agreement may be amended from time to time; and such term includes these General Conditions as thus made applicable, all agreements supplemental to the Development Credit Agreement and all schedules to the Development Credit Agreement.
4. The term Credit means the development credit provided for in the Development Credit Agreement.

5. The term Borrower means the member of the Association to which the Credit is granted.

6. The term currency of a country means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in that country.

7. The term dollars and the sign \$ mean dollars in currency of the United States of America.

8. The term Credit Account means the account opened by the Association on its books in the name of the Borrower to which the amount of the Credit is credited.

9. The term Project means the project or program for which the Credit is granted, as described in the Development Credit Agreement and as the description thereof may be amended from time to time by agreement between the Association and the Borrower.

10. The term Effective Date means the date on which the Development Credit Agreement shall come into force and effect as provided in Section 12.03.

11. The term taxes includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Development Credit Agreement or thereafter imposed.

12. The term Closing Date means the date specified in the Development Credit Agreement as of which the Association may by notice to the Borrower terminate the right of the Borrower to withdraw from the Credit Account any amount theretofore unwithdrawn.

SECTION 2.02. *References.* References in these General Conditions to Articles or SECTIONS are to Articles or Sections of these General Conditions.

SECTION 2.03. *Headings.* The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these General Conditions.

### *Article III. CREDIT ACCOUNT; SERVICE CHARGES; REPAYMENT; PLACE OF PAYMENT*

SECTION 3.01. *Credit Account.* The amount of the Credit shall be credited to the Credit Account and may be withdrawn therefrom by the Borrower as provided in the Development Credit Agreement and in these General Conditions.

SECTION 3.02. *Service Charges.* The Borrower shall pay a service charge on the amount of the Credit withdrawn and outstanding from time to time at the rate specified in the Development Credit Agreement. The Borrower shall pay an additional service charge at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any special commitment entered into by the Association pursuant to Section 5.02 and outstanding from time to time.

SECTION 3.03. *Computation of Service Charges.* Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.04. *Repayment.* (a) The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in installments as provided in the Development Credit Agreement.

(b) The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Borrower.

SECTION 3.05. *Place of Payment.* The principal of, and service charges on, the Credit shall be paid at such places as the Association shall reasonably request.

*Article IV. CURRENCY PROVISIONS*

SECTION 4.01. *Currencies in which Withdrawals are to be Made.* Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Credit have been paid or are payable; provided, however, that withdrawals in respect of expenditures in the currency of the Borrower shall be made in such currency or currencies as the Association shall from time to time reasonably select.

SECTION 4.02. *Currencies in which Principal and Service Charges are Payable.* (a) The Borrower shall pay the principal amount of, and service charges on, the Credit in the currency specified in the Development Credit Agreement for the purposes of this Section or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.

(b) For the purposes of this Section, the term "eligible currency" means the currency of any member of the Association which the Association from time to time determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association for the purposes of its operations.

(c) If at any time the Borrower shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that so specified or than one theretofore designated pursuant to this paragraph (c) or selected pursuant to paragraph (e) below, the Borrower shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.

(d) If at any time the Association shall determine that a currency payable pursuant to the provisions of this Section is not an eligible currency, the Association shall so notify the Borrower in writing and furnish the Borrower with a list of eligible currencies.

(e) Within thirty days from the date of such notice, the Borrower shall notify the Association in writing of its selection from such list of a currency in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.

SECTION 4.03. *Amount of Repayment.* The principal amount of the Credit repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the currency or currencies withdrawn from the Credit Account expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960, determined as of the respective dates of withdrawal; provided, however:

- (i) that if a uniform proportionate reduction in the par values of the currencies of all its members is made by the International Monetary Fund, the principal amount of the Credit then outstanding and repayable after such reduction shall be reduced by the same proportion; and
- (ii) that if the Association shall at any time determine that there has been a substantial reduction in the par value or the foreign exchange value of one or more major currencies of members of the Association in terms of United States dollars of the weight and fineness in effect on January 1, 1960, which in the opinion of the Association shall justify a general reduction in the principal amount repayable on development credits then outstanding, the principal amount of the Credit then outstanding and repayable after such determination shall be reduced by such proportion as the Association shall decide.

SECTION 4.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 4.03.

SECTION 4.05. *Valuation of Currencies.* Whenever it shall be necessary for the purpose of the Development Credit Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Association.

SECTION 4.06. *Manner of Payment.* (a) Any payment required under the Development Credit Agreement to be made to the Association in the currency of any country shall be made in such manner, and in currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Association with a depository of the Association in such country.

(b) The principal of, and service charges on, the Credit shall be paid without restrictions of any kind imposed by, or in the territory of, the Borrower.

#### Article V. WITHDRAWAL OF PROCEEDS OF CREDITS

SECTION 5.01. *Withdrawal from the Credit Account.* The Borrower shall be entitled to withdraw from the Credit Account amounts expended or, if the Association shall so agree, amounts to be expended for the Project in accordance with the provisions of the Development Credit Agreement and of these General Conditions. Except as shall be otherwise agreed between the Borrower and the Association, no withdrawals 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 5.02. *Special Commitments by the Association.* Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Association, the Association may enter into special commitments in writing to pay amounts to the Borrower or others in respect of expenditures to be financed under the Development Credit Agreement notwithstanding any subsequent suspension or cancellation by the Association or the Borrower.

SECTION 5.03. *Applications for Withdrawal or for Special Commitment.* When the Borrower shall desire to withdraw any amount from the Credit Account or to request the Association to enter into a special commitment pursuant to Section 5.02, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall be made promptly in relation to expenditures for the Project.

SECTION 5.04. *Evidence of Authority to Sign Applications for Withdrawal.* The Borrower shall furnish to the Association evidence of the authority of the person or persons authorized to sign applications for withdrawals and the authenticated specimen signature of any such person.

SECTION 5.05. *Supporting Evidence.* The Borrower shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have permitted any withdrawal requested in the application.

SECTION 5.06. *Sufficiency of Applications and Documents.* Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Borrower is entitled to withdraw from the Credit

Account the amount applied for and that the amount to be withdrawn from the Credit Account is to be used only for the purposes specified in the Development Credit Agreement.

SECTION 5.07. *Payment by the Association.* The Association shall pay the amounts withdrawn by the Borrower from the Credit Account only to or on the order of the Borrower.

#### Article VI. CANCELLATION AND SUSPENSION

SECTION 6.01. *Cancellation by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 5.02.

SECTION 6.02. *Suspension by the Association.* If any of the following events of suspension shall have occurred and be continuing, the Association may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account:

- (a) The Borrower shall have failed to make payment (notwithstanding the fact that such payment has been made by a third party) of principal, interest, service charges or any other payment required under: (i) the Development Credit Agreement, or (ii) any other development credit agreement with the Association, or (iii) any loan agreement or guarantee agreement with the Bank or any bond or any similar instrument delivered pursuant to any such agreement.
- (b) The Borrower shall have failed to perform any other obligation under the Development Credit Agreement.
- (c) (i) The Association or the Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any development credit agreement with the Association or any loan agreement with the Bank because of a failure by the Borrower to perform any of its obligations under such agreement; or (ii) the Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any loan agreement with the Bank guaranteed by the Borrower because of a failure by the Borrower to perform any of its obligations under such agreement.
- (d) As a result of events which have occurred after the date of the Development Credit Agreement an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Borrower will be able to perform its obligations under the Development Credit Agreement.
- (e) The Borrower: (i) shall have been suspended from membership in or ceased to be a member of the Association; or (ii) shall have ceased to be a member of the International Monetary Fund.
- (f) After the date of the Development Credit Agreement and prior to the Effective Date any event shall have occurred which would have entitled the Association to suspend the Borrower's right to make withdrawals from the Credit Account if the Development Credit Agreement had been effective on the date such event occurred.
- (g) A representation made by the Borrower, in or pursuant to the Development Credit Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Association in making the Credit, shall have been incorrect in any material respect.
- (h) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred.



The right of the Borrower to make withdrawals from the Credit Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to suspension shall have ceased to exist, unless the Association shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that such notice of restoration may limit the right to make withdrawals.

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) at any time the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, 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 of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Credit shall be cancelled.

SECTION 6.04. *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association.* No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 5.02 except as expressly provided in such commitment.

SECTION 6.05. *Application of Cancellation to Maturities of the Credit.* Except as otherwise agreed between the Borrower and the Association, any cancellation shall be applied *pro rata* to the several installments of the principal amount of the Credit maturing after the date of such cancellation.

SECTION 6.06. *Effectiveness of Provisions after Suspension or Cancellation.* Notwithstanding any cancellation or suspension, all the provisions of the Development Credit Agreement shall continue in full force and effect except as in this Article specifically provided.

#### Article VII. ACCELERATION OF MATURITY

SECTION 7.01. *Events of Acceleration.* If any of the following events shall occur and shall continue for the period specified below, if any, 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, together with such charges, shall become due and payable immediately:

- (a) A default shall occur in the payment of principal or any other payment required under the Development Credit Agreement and such default shall continue for a period of thirty days.
- (b) A default shall occur in the payment of principal or interest or any other payment required under any other development credit agreement between the Borrower and the Association or under any loan agreement or under any guarantee agreement between the Borrower and the Bank or under any bond or similar instrument delivered pursuant to any such agreement and such default shall continue for a period of thirty days.
- (c) A default shall occur in the performance of any other obligation on the part of the Borrower under the Development Credit Agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.
- (d) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred and shall continue for the period, if any, specified in the Development Credit Agreement.

*Article VIII. TAXES*

SECTION 8.01. *Taxes.* (a) The principal of, and other charges on, the Credit shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Borrower.

(b) The Development Credit Agreement, and any other agreement to which these General Conditions shall be made applicable, shall be free from any taxes levied by, or in the territory of, the Borrower on or in connection with the execution, delivery or registration thereof.

*Article IX. COOPERATION AND INFORMATION; FINANCIAL AND ECONOMIC DATA*

SECTION 9.01. *Cooperation and Information.* (a) 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 any one of them:

- (i) exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under the Development Credit Agreement and other matters relating to the purposes of the Credit; and
- (ii) furnish to the other party all such information as it shall reasonably request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Credit.

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

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of its territories for purposes related to the Credit.

SECTION 9.02. *Financial and Economic Data.* The Borrower shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in its territory including its balance of payments and its external debt as well as that of its political or administrative subdivisions and any entity owned or controlled by, or operating for the account or benefit of the Borrower or any such subdivision, and any institution performing the functions of a central bank or exchange stabilization, or similar functions, for the Borrower.

*Article X. ENFORCEABILITY OF DEVELOPMENT CREDIT AGREEMENT;  
FAILURE TO EXERCISE RIGHTS; ARBITRATION*

SECTION 10.01. *Enforceability.* The rights and obligations of the Borrower and the Association under the Development Credit Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State to the contrary. Neither the Borrower nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or the Development Credit Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

SECTION 10.02. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Development Credit Agreement upon any default shall impair any such right, power or remedy

or be construed to be a waiver thereof or an acquiescence in such default; nor shall any action of such party in respect of any default, or any acquiescence by it in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

SECTION 10.03. *Arbitration.* (a) Any controversy between the parties to the Development Credit Agreement and any claim by either such party against the other arising under the Development Credit Agreement which shall not be settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Borrower.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Borrower; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Development Credit Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any

question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Development Credit Agreement and any claims by either party against the other party arising thereunder.

(k) The Association shall not be entitled to enter judgment against the Borrower upon the award, to enforce the award against the Borrower by execution or to pursue any other remedy against the Borrower for the enforcement of the award, except as such procedure may be available against the Borrower otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall be delivered to the parties, the award shall not be complied with by the Association, the Borrower may take any such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Development Credit Agreement waive any and all other requirements for the service of any such notice or process.

#### Article XI. MISCELLANEOUS PROVISIONS

SECTION 11.01. *Notices and Requests.* Any notice or request required or permitted to be given or made under the Development Credit Agreement and any other agreement between the parties contemplated by the Development Credit Agreement shall be in writing. Except as otherwise provided in Section 12.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Development Credit Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

SECTION 11.02. *Evidence of Authority.* The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Borrower, take any action or execute any documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person.

SECTION 11.03. *Action on Behalf of the Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Development Credit Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Development Credit Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Development Credit Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided, that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Development Credit Agreement. The Association may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Development Credit Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

SECTION 11.04. *Execution in Counterparts.* The Development Credit Agreement may be executed in several counterparts, each of which shall be an original.

*Article XII. EFFECTIVE DATE; TERMINATION*

SECTION 12.01. *Conditions Precedent to Effectiveness of Development Credit Agreement.* The Development Credit Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that:

- (a) the execution and delivery of the Development Credit Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action; and
- (b) all other events specified in the Development Credit Agreement as conditions to its effectiveness have occurred.

SECTION 12.02. *Legal Opinions or Certificates.* As part of the evidence to be furnished pursuant to Section 12.01, the Borrower shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Borrower, showing:

- (a) that the Development Credit Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms; and
- (b) such other matters as shall be specified in the Development Credit Agreement or as shall be reasonably requested by the Association in connection therewith.

SECTION 12.03. *Effective Date.* (a) Except as shall be otherwise agreed by the Borrower and the Association, the Development Credit Agreement shall come into force and effect on the date on which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 12.01.

(b) If, before the Effective Date, any event shall have occurred which would have entitled the Association to suspend the right of the Borrower to make withdrawals from the Credit Account if the Development Credit Agreement had been effective, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event or events shall have ceased to exist.

SECTION 12.04. *Termination of Development Credit Agreement for Failure to Become Effective.* If the Development Credit Agreement shall not have come into force and effect by the date specified therein for the purposes of this Section, the Development Credit Agreement and all obligations of the parties thereunder shall terminate, unless the Association, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

SECTION 12.05. *Termination of Development Credit Agreement on Full Payment.* If and when the entire principal amount of the Credit withdrawn from the Credit Account and all charges which shall have accrued on the Credit shall have been paid, the Development Credit Agreement and all obligations of the parties thereunder shall forthwith terminate.