

No. 17895

**SWITZERLAND
and
MADAGASCAR**

Agreement on a development grant of fifteen million Swiss francs. Signed at Antananarivo on 16 November 1978

Authentic text: French.

Registered by Switzerland on 13 July 1979.

**SUISSE
et
MADAGASCAR**

Accord concernant un don d'aide financière de 15 millions de francs suisses. Signé à Antananarivo le 16 novembre 1978

Texte authentique : français.

Enregistré par la Suisse le 13 juillet 1979.

[TRANSLATION — TRADUCTION]

**AGREEMENT¹ BETWEEN THE SWISS CONFEDERATION AND
THE DEMOCRATIC REPUBLIC OF MADAGASCAR ON A
DEVELOPMENT GRANT OF FIFTEEN MILLION SWISS
FRANCS**

The Swiss Federal Council and the Government of the Democratic Republic of Madagascar,

Having regard to the friendly relations between the two countries,

Desirous of strengthening these relations through closer co-operation in the field of development,

Intending to continue to promote the economic development of Madagascar,

Have agreed as follows:

Article 1. OBJECTIVES AND AMOUNT OF THE DEVELOPMENT GRANT

1.1. The Swiss Federal Council (hereafter called the Swiss Government) shall make a development grant of 15 million Swiss francs to the Government of the Democratic Republic of Madagascar (hereafter called the Government of Madagascar), for the financing of the rural development of Madagascar through the National Rural Development Bank of Madagascar (B.T.M.).

1.2. A portion of the grant, in the amount of 14,250,000 Swiss francs, shall be used to establish a Swiss Fund at the B.T.M. for the financing of loans granted by the B.T.M. for the rural development of Madagascar.

1.3. A further portion of the grant, in the amount of 750,000 Swiss francs, shall be granted to the B.T.M. to finance the establishment of new agencies in regions not yet serviced adequately by the B.T.M.

Article 2. THE B.T.M. SWISS FUND

2.1. The Swiss Fund with the B.T.M. comprises the Malagasy franc counterpart of the amount of 14,250,000 Swiss francs and the interest earned by the Fund, subject to the provisions of article 4.

2.2. The Swiss Fund shall be entered as a separate item in the balance sheet of the B.T.M. It shall be operated in accordance with separate accounting procedures so that its exact status may be determined at any time.

2.3. On the expiry of this Agreement, the Swiss Fund shall be fully consolidated with the capital of the B.T.M. and shall represent the share of the Democratic Republic of Madagascar in that capital.

2.4. Management of the Swiss Fund shall conform to the standards applied by the B.T.M. in the entirety of its rural operations.

¹ Came into force on 16 November 1978 by signature, with retroactive effect from 1 October 1978, in accordance with article 13.

Article 3. USE OF THE SWISS FUND

3.1. The initial amount of the Swiss Fund shall be distributed as follows:

	<i>(In Swiss francs)</i>
1. Credits for storage warehouses	2 000 000
2. Credits for companion crops	5 500 000
3. Credits for rural crafts	1 200 000
4. Credits for land development	3 200 000
5. Credits not earmarked	<u>2 350 000</u>
TOTAL	14 250 000

3.2. Amounts not earmarked under article 3.1 and the proceeds of repayments and accrued interest during the period of the Agreement shall be allocated by agreement between the Contracting Parties in the form of an exchange of letters.

3.3. The credits financed by the Swiss Fund shall be granted on the customary terms and conditions of the B.T.M.

Article 4. COMPENSATION OF THE B.T.M. FOR OPERATING THE SWISS FUND

4.1. In order to cover its operating expenses, the B.T.M. shall be authorized to retain the same margin as the Government of Madagascar permits it to charge for its management of other public funds. At the time of the conclusion of this Agreement, this margin was 2 per cent annually on the outstanding balance.

4.2. A margin of 1 per cent shall be deducted from accrued interest in order to create a reserve against doubtful credits. A separate account shall be established in respect of this reserve for the Swiss Fund.

Article 5. INSURANCE

The two Contracting Parties shall study jointly the insurance procedures which should be established in order to protect farmers who have contracted loans from the B.T.M. through the Swiss Fund against financial loss resulting from events beyond their control, such as epizootic diseases, cyclones, drought and other natural disasters.

If necessary, the two Contracting Parties shall agree to set aside a portion of the accrued interest for the purpose of establishing an insurance fund.

Article 6. SUBSIDY FOR THE ESTABLISHMENT OF NEW AGENCIES

6.1. A lump sum subsidy of 75,000 Swiss francs shall be granted to the B.T.M. for each new agency opened after the date of the conclusion of this Agreement, up to a maximum of 10 agencies.

6.2. The location of the subsidized agencies shall be established by agreement between the two Contracting Parties. Preference shall be given to the opening of agencies in regions inadequately serviced by the financial support system for agriculture.

6.3. The subsidy shall be included in the instalments established in article 7.2, in the amount of 450,000 francs in 1979 and 300,000 francs in 1980.

Article 7. METHODS OF PAYMENT

7.1. The financial aid granted to the Democratic Republic of Madagascar shall be transferred immediately and in its entirety to the B.T.M.

7.2. The financial aid shall be paid in three instalments, as follows: the first instalment, of 7 million Swiss francs, on the entry into force of this Agreement; the second instalment, of 5 million Swiss francs, before 31 March 1979; and the third instalment, of 3 million Swiss francs, before 31 January 1980.

7.3. The instalments shall be paid into the account of the B.T.M. with the Central Bank of the Democratic Republic of Madagascar.

Article 8. CANCELLATION OF THE GRANT

8.1. The Government of Madagascar can, by notice to the Swiss Government, cancel any amount of the grant which has not been withdrawn.

8.2. In the event of default by the Government of Madagascar in the fulfilment of its undertakings and obligations under this Agreement, the Swiss Government may suspend, in whole or in part, the instalments provided for in article 7.

Article 9. CONSULTATIONS BETWEEN THE CONTRACTING PARTIES

9.1. The Contracting Parties shall co-operate fully to ensure that the purposes of the grant will be accomplished. To that end the Contracting Parties shall, from time to time, at the request of either Contracting Party:

- Exchange views through their representatives on the performance of their respective obligations under this Agreement and on the administration and implementation of the programmes financed by the development grant;
- Transmit to the other Contracting Party all such information as it shall reasonably request with regard to the execution of programmes.

9.2. The Government of Madagascar shall in particular enable the representatives of the Swiss Government to inspect the goods financed out of the proceeds of the grant and any relevant records and documents.

9.3. The Contracting Parties shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the grant, or the performance by either of them of its obligations under this Agreement.

Article 10. ARBITRATION

10.1. Disputes as to the interpretation or application of the provisions of this Agreement which shall not have been settled in a satisfactory way by means of diplomatic negotiations within a period of six months shall, upon the request of either Contracting Party, be submitted to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator. These two arbitrators shall nominate a third arbitrator as Chairman who shall be a national of a third State.

10.2. If either Contracting Party has not appointed its arbitrator and has not followed the invitation of the other Contracting Party to make that appointment within two months, the arbitrator shall be appointed upon the request of that Contracting Party by the President of the International Court of Justice.

10.3. If both arbitrators cannot come to an agreement about the choice of a third arbitrator (Chairman), within two months after their appointment, the latter shall be appointed upon the request of the other Contracting Party by the President of the International Court of Justice.

10.4. If, in the cases specified under paragraphs 2 and 3 of this article, the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointments shall be made by the Vice-President. If the latter is prevented or if he is a national of either Contracting Party, the appointments shall be made by the next senior judge of the Court who is not a national of either Contracting Party.

10.5. Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.

10.6. The decisions of the tribunal are binding for each Contracting Party.

*Article 11. AUTHORITIES IN CHARGE OF THE
IMPLEMENTATION OF THE AGREEMENT*

11.1. The Directorate of Co-operation for Development and Humanitarian Aid of the Federal Political Department on the Swiss side (cable address: Politique DDA, 3003 Berne, Telex 33151 EPD CH) and the General Directorate of the Plan on the side of the Democratic Republic of Madagascar shall be responsible for the implementation of the Agreement.

11.2. The B.T.M. (postal address: Post Office Box 183, Tananarive, cable address: BANKTANTSAHA) and the Swiss Embassy in Madagascar (postal address: Post Office Box 118, Tananarive, telex: Ambassade 22300) shall correspond directly on current business arising from the implementation of this Agreement.

Article 12

Any modification of this Agreement shall be made in the form of an exchange of letters.

Article 13. ENTRY INTO FORCE AND DURATION

This Agreement shall enter into force on the day of its signature with retroactive effect to 1 October 1978. It is concluded for a period of 15 years.

DONE at Antananarivo, on 16 November 1968, in two originals in the French language.

For the Swiss Federal Council:

[Signed]

CHARLES ABEGGLEN
Chargé d'affaires a.i.
of the Embassy of Switzerland

For the Government of the Democratic
Republic of Madagascar:

[Signed]

RAKOTOVAO RAZAKABOANA
Minister in the office of the President
with responsibility for Finance and
the Plan