

No. 21262

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**DENMARK  
and  
UPPER VOLTA**

**Loan Agreement concerning a loan by the Kingdom of Denmark to the Republic of the Upper Volta (with annexes and exchange of letters). Signed at Copenhagen on 22 April 1982**

*Authentic text: French.*

*Registered by Denmark on 24 September 1982.*

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**DANEMARK  
et  
HAUTE-VOLTA**

**Accord de prêt relatif à un prêt du Royaume de Danemark à la République de Haute-Volta (avec annexes et échange de lettres). Signé à Copenhague le 22 avril 1982**

*Texte authentique : français.*

*Enregistré par le Danemark le 24 septembre 1982.*

## [TRANSLATION — TRADUCTION]

LOAN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENTS OF THE KINGDOM OF DENMARK AND THE REPUBLIC OF THE UPPER VOLTA CONCERNING A LOAN BY THE KINGDOM OF DENMARK TO THE REPUBLIC OF THE UPPER VOLTA

The Government of the Kingdom of Denmark and the Government of the Republic of the Upper Volta, 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 the Upper Volta, a Danish Government loan shall be extended to the Republic of the Upper Volta in accordance with the following provisions of this Agreement and of its 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 the Upper Volta (hereinafter called the Borrower) a loan of 45 (forty-five) million Danish kroner for the purposes described in article VI below.

*Article II. LOAN ACCOUNT*

1. An account designated "Government of the Republic of the Upper Volta Loan Account No. 3" (hereinafter called "loan account") shall be opened with Danmarks Nationalbank (acting as agent for the Lender) in favour of the Banque Nationale de Développement de Haute-Volta (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 payment for capital goods and services provided under the loan.

2. The Borrower (or the Banque Nationale de Développement de Haute-Volta) 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.

*Article IV. REPAYMENT*

1. The Borrower undertakes to repay the loan in 80 semi-annual instalments of 560,000 Danish kroner each, the first instalment on 1 April 1992, the last instalment on 1 April 2031, and the final balance of 760,000 Danish kroner on 1 October 2031.

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.

<sup>1</sup> Came into force on 22 April 1982 by signature, in accordance with article X (1).

*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 Danish Ministry of Foreign Affairs with Danmarks Nationalbank.

*Article VI. USE OF THE LOAN BY THE GOVERNMENT OF THE UPPER VOLTA*

1. The Borrower shall use the loan to finance imports from Denmark of such capital goods (including transport charges from Denmark to the Upper Volta) as are to be used for the projects mentioned in annex II to this Agreement.

2. The loan shall also be used to pay for Danish services required for the implementation of the projects mentioned in annex II, 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 and purchases of non-Danish capital goods 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 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 performance or implementation of such contract.

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

6. A contract concluded under the loan shall not contain any provisions whereby 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 to the borrowing country of customs duty, taxes or other government or public charges in any form, for example, import surcharges, duties to compensate for domestic turnover taxes, charges or deposits in connection with the issue of payments licences or import licences.

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. In the case of competitive bidding for contracts to be financed under the loan, the Borrower shall send the Lender for transmittal to potential bidders all material relevant to the bidding.

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

*Article IX. PARTICULAR COVENANTS*

The loan shall be repaid without deduction of, and free from, all taxes and charges and from all restriction provided for in the laws of the country of the Borrower. The Agreement shall be exempt from any charges under the present or future laws of the country of the Borrower in connection 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:

Le Ministère de l'Economie et du Plan

B.P. 7050 Ouagadougou

Telegraphic address:

Miniplan Ouagadougou

Telex:

5319 uv

The Lender: with respect to disbursements and payment of the semi-annual instalments:

Ministère des Affaires Etrangères

Division de la Coopération Internationale

pour le Développement

Asiatisk Plads 2

1448 Copenhagen

Telegraphic address:  
Etrangères Copenhague

Telex:  
31292 etr dk

The Lender: with respect to the transmittal of bidding material:

Ministère des Affaires Etrangères,  
Division des Relations Commerciales,  
Asiatisk Plads 2  
1448 Copenhague

Telegraphic address:  
Etrangères Copenhague

Telex:  
31292 etr dk

IN WITNESS WHEREOF the representatives duly authorized by the Lender and the Borrower have signed this Agreement in two copies in the French language at Copenhagen, on 22 April 1982.

For the Government  
of the Kingdom of Denmark:

[Signed]

KAJ BAAGØ  
Director of Bilateral Co-operation,  
DANIDA

For the Government  
of the Republic of the Upper Volta:

[Signed]

OUBKIRI MARC YAO  
Ambassador Extraordinary  
and Plenipotentiary

#### ANNEX I

The following provisions shall apply to the rights and obligations arising from the Agreement concluded between the Governments of the Kingdom of Denmark and the Republic of the Upper Volta concerning a Danish State loan to the Upper Volta (hereinafter called the Agreement). They are considered an integral part of the Agreement, with the same validity and effect as if they were contained therein.

##### *Article I. CANCELLATION AND SUSPENSION*

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

2. In case of failure on the part of the Borrower to carry out any obligation or decision pursuant to the Agreement, the Lender shall have the right to suspend wholly or in part the right of the Borrower to draw on the loan account. Should the circumstances which entitled the Lender to suspend the drawing right of the Borrower continue to obtain for over 60 days after the Lender has given notice of the suspension to the Borrower, the Lender may, at any time thereafter, require immediate repayment of the sum withdrawn under the loan, notwithstanding any provision to the contrary in the Agreement, unless the cause of suspension ceases to exist.

3. Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall retain their validity 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 president of the tribunal, who shall be a national of a third country, shall be elected by agreement between the Lender and the Borrower. Should the Parties fail to agree on the election of the president 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 president of the arbitral tribunal.

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

## ANNEX II

1. The loan shall be used for the implementation of the following projects:

1. The positioning underground of part of the medium-tension electricity cable network in the centre of Ouagadougou (approximately 20 million Danish kroner);
2. Electrification of the Pissy district of Ouagadougou (approximately 1.2 million Danish kroner);
3. Electrification of the Patte d'Oie district of Ouagadougou (second stage) (approximately 2.1 million Danish kroner);
4. Medium-tension liaison Ouaga I — Kossodo (approximately 4 million Danish kroner);
5. Traffic lights in the towns of Ouagadougou and Bobodioulasso (approximately 4.5 million Danish kroner);
6. Increasing the capacity of the water purification plant at Koudougou and extension of the water supply network (approximately 6.1 million Danish kroner);
7. Study for the provision of drinking water to the towns of Barsalogo, Pissila, Titao, Gorom-Gorom, Séguénéga, Tiébébé and Saponé (approximately 5.6 million Danish kroner);
8. Additional equipment for the radio-telephone system (approximately 1.5 million Danish kroner).

2. Any proposal by the Government of the Republic of the Upper Volta involving substantial changes in the plans for the implementation of the above-mentioned projects, and any proposal by the Government of the Republic of the Upper Volta involving the replacement of one or more of these projects by new projects, shall require the approval of the Government of the Kingdom of Denmark.

## EXCHANGE OF LETTERS

## I

Sir,

With reference to the Agreement signed this day between the Governments of the Kingdom of Denmark and the Republic of the Upper Volta concerning 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 Upper Volta importer or potential investor shall conclude a contract which must in the last instance be approved by the authorities of the Upper Volta and of Denmark. No contract for an amount less than 200,000 Danish kroner shall be financed under the Agreement, except in the case of utilization of a final balance less than the said amount.

2. The Government of the Upper Volta shall submit to the Danish Ministry of Foreign Affairs copies of the 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, and whether
- (b) The capital goods in question were manufactured in Denmark or the services to be rendered will be performed by persons carrying on business in Denmark, and it shall inform the Government of the Upper Volta of its decision.

3. When the contracts have been approved, the Government of the Upper Volta may draw on the loan 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 the Upper Volta, I have the honour to propose that this letter and your reply shall constitute an agreement between our two Governments.

Accept, Sir, etc.

For the Government of the Kingdom of Denmark:

[Signed]

KAJ BAAGØ

Director of Bilateral Co-operation, DANIDA

His Excellency Mr. Oubkiri Marc Yao  
Ambassador Extraordinary and Plenipotentiary  
of the Republic of the Upper Volta  
to the Kingdom of Denmark

## II

Copenhagen, 22 April 1982

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.

Accept, Sir, etc.

For the Government of the Republic of the Upper Volta:

[*Signed*]

OUBKIRI MARC YAO

Ambassador Extraordinary and Plenipotentiary

His Excellency Dr. Kaj Baagø  
Director of Bilateral Co-operation, DANIDA  
Ministry of Foreign Affairs

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