

No. 23101

**DENMARK
and
BURKINA FASO**

**Financial Agreement (with annex). Signed at Copenhagen
on 21 June 1984**

Authentic text: French.

Registered by Denmark on 12 October 1984.

**DANEMARK
et
BURKINA FASO**

**Accord de financement (avec annexe). Signé à Copenhague
le 21 juin 1984**

Texte authentique : français.

Enregistré par le Danemark le 12 octobre 1984.

[TRANSLATION — TRADUCTION]

FINANCIAL AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE KINGDOM OF DENMARK AND THE GOVERNMENT OF 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 between their countries, have agreed that, within the framework of the economic development of the Republic of Upper Volta, financial assistance from Denmark in the form of a grant will be extended to the Government of the Republic of the Upper Volta in accordance with the following provisions of this Agreement and the annex, which forms an integral part thereof:

Article I. FUNDS

The Government of the Kingdom of Denmark (hereinafter called “the Donor”) shall make available to the Government of the Republic of the Upper Volta (hereinafter called “the Recipient”), in the form of a grant, the sum of 110 (one hundred and ten) million Danish kroner for the purposes specified in article III.

Article II. ACCOUNT AT THE DANMARKS NATIONALBANK

1. An account entitled “Government of the Republic of Upper Volta grant account No. 1” (hereinafter called “the Account”) shall be opened at the request of the Recipient at the Danmarks Nationalbank (acting on behalf of the Donor) for payment to the Banque nationale de développement of the Upper Volta (acting on behalf of the Recipient).

The Donor shall ensure that sufficient funds are always available in the Account to enable the Recipient to make punctual payment for capital goods and services supplied under this Agreement.

2. The Recipient (or the Banque nationale de développement of the Upper Volta) shall be authorized, subject to the provisions of this Agreement, to withdraw from the Account, in accordance with the guidelines laid down in the annex to this Agreement, the sums necessary to pay for the capital goods or services made available under this Agreement.

Article III. PURPOSES

1. The funds shall be used for the execution of the following projects:

	<i>Millions of Danish kroner</i>
1. <i>Water management</i>	
(a) Renovation and extension of the Banfora water supply system	15.0
(b) Extension of the Dori water supply system	7.0
(c) Provision of water in the Pissy district of Ouagadougou	8.0

¹ Came into force on 21 June 1984 by signature, in accordance with article XII.

	<i>Millions of Danish kroner</i>
(d) Expertise and spare parts for the rehabilitation of a water treatment plant in Ouagadougou	2.0
(e) Unforeseen expenses, price adjustments, etc.	<u>3.0</u>
Total, water management sector	<u>35</u>
 2. <i>Electricity</i>	
(a) Construction of the first section of the new diesel-powered generating plant at Bobo-Dioulasso (Bobo II)	50.0
(b) Construction of diesel-powered mini-stations and establishment of distribution networks at Orodara, Yako, Koupèla and Pô	6.6
(c) Electrification of Réo and Pouytenga by drawing on the energy resources of towns which already have electricity .	3.5
(d) Extension of distribution networks in Ouagadougou, Bobo-Dioulasso, Banfora, Koudougou and Ouahigouya	6.6
(e) Feasibility study on the Ouaga III thermal power station .	2.0
(f) Unforeseen expenses, price adjustments, etc.	<u>3.3</u>
Total, electricity sector	<u>75</u>
GRAND TOTAL	<u>110</u>

Execution of the Banfora water supply renovation and extension project (see 1 (a) above) shall be conditioned upon the conclusion of an agreement between the competent authorities of the Upper Volta and the Banfora sugar refinery under which the latter will undertake to supply the public water supply system with at least 50 litres of water per second.

The contract for the water supply project in the Pissy district (see 1 (c) above), shall initially cover only preliminary studies, including exploratory drilling. The final decision to go ahead with the project shall be taken jointly by the Recipient and the Donor on the basis of the findings of the preliminary studies.

2. Any proposal by the Recipient involving changes in the plans for the execution of the projects listed above, and any proposal by the Recipient involving the replacement of one or more of those projects by new projects shall be subject to approval by the Donor.

Article IV. USE OF FUNDS

1. The Recipient shall use the funds to finance imports from Denmark (including the costs of shipping from Denmark to the Upper Volta) of Danish capital goods and services intended for the purposes specified in article III.

2. A portion not to exceed 25 per cent of the funds may be used to defray local costs approved by the Donor for financing under this Agreement of Danish capital goods and services relating to projects for which deliveries have been contracted.

3. The Recipient and/or the Donor may stipulate that contracts to be financed under this Agreement should be awarded by competitive bidding.

The two Parties shall decide by mutual agreement the procedure to be followed in inviting bids.

4. Any contract to be financed under this Agreement shall be subject to approval by the Recipient and by the Donor.

5. The Donor, by approving a contract for financing under this Agreement, does not accept responsibility for the satisfactory fulfillment of the said contract.

The Donor likewise disclaims responsibility for the efficient use of capital goods and services financed under this Agreement and for the proper functioning of the facilities, etc., to which such goods and services are supplied.

6. In the absence of agreement to the contrary between the Parties, funds may be used only for payment of capital goods and services contracted for after the entry into force of the Agreement.

7. The Recipient may make withdrawals from the Account referred to in article II in fulfillment of contracts approved within a period of three years after the entry into force of the Agreement or such other period as may be mutually agreed upon by the Recipient and the Donor.

Article V. SHIPPING BY SEA

The shipping by sea of capital goods covered by this Agreement shall be arranged with due regard for the principle of freedom of navigation for vessels engaged in international trade under the régime of free and fair competition.

Article VI. TAXES AND OTHER FISCAL CHARGES

1. This Agreement shall be exempt from all existing or future taxes, imposed under existing or future laws of the Recipient in connection with the issue, execution, registration or entry into force of the Agreement, or otherwise.

2. The Recipient shall exempt capital goods and services obtained from Denmark under this Agreement from all import taxes, duties, sales taxes and other fiscal charges such as import surcharges, countervailing duties for excise taxes, and taxes or deposits relating to the issuance of payment authorisations or import licences.

Article VII. COLLABORATION AND EXCHANGE OF INFORMATION

1. The Recipient and the Donor shall collaborate fully in achieving the purposes of this Agreement. To that end, the two Parties shall, at the request of either Party, exchange views on questions relating to projects to be financed under this Agreement, and shall provide any information which might reasonably be requested on the subject.

2. The Donor shall have the right to send agents or duly authorized representatives to perform any technical or financial task it may deem necessary for the purpose of monitoring the execution of the projects to be financed under this Agreement.

To facilitate the work of the persons entrusted with such supervisory tasks, the Recipient undertakes to provide all appropriate assistance, information and documentation.

3. Representatives of the Rigsrevisionen (the highest public auditing institution in Denmark) shall be entitled, using all relevant documentation to conduct any audit or inspection deemed necessary in connection with the use of the funds granted under this Agreement, if necessary on the territory of the Recipient.

4. Joint project evaluations by Danish and the Upper Volta personnel shall be conducted at the request of either Party.

Article VIII. SUSPENSION

1. In the event of non-compliance by the Recipient with the obligation or arrangements under this Agreement, the Donor may suspend, in whole or in part, the

right of the Recipient to make withdrawals from the Danmarks Nationalbank Account referred to in article II.

2. Notwithstanding any suspension under the terms of this article, all other provisions of the Agreement shall remain valid and in force.

Article IX. SETTLEMENT OF DISPUTES

1. Any dispute between the Parties about the interpretation or execution of this Agreement which cannot be settled within six months through the diplomatic channels shall, at the request of either Party, be submitted to an arbitral tribunal consisting of three members. The President of the tribunal shall be a national of a third country and shall be appointed by mutual agreement between the Parties. If the two Parties cannot reach agreement within two months on the appointment of the President of the tribunal, either Party may request the President of the International Court of Justice to make the appointment. Each party shall appoint its own arbitrator; if either Party fails to appoint an arbitrator, the latter may be appointed by the President of the tribunal.

2. Both Parties shall abide by and carry out the decisions of the tribunal.

Article X. MISCELLANEOUS PROVISIONS

1. Before making the first withdrawal from the Account referred to in article II, the Recipient shall inform the Donor of the persons authorized to act on its behalf and shall furnish certified specimen signatures of each person.

2. Any notices, requests or understandings under this Agreement shall be submitted in writing.

Article XI. ADDRESSES

The following addresses are given for the purposes of executing this Agreement:

For the Recipient: Ministère du Plan et de la Coopération
BP 7050
Ouagadougou

Telegrams: Miniplan Ouagadougou

Telex: 5319 UV

For the Donor: Ministère des Affaires étrangères,
Direction de la Coopération
internationale au développement
Asiatisk Plads 2
1448 Copenhagen

Telegrams: ETRANGERES COPENHAGUE

Telex: 31292 ETR DK

Article XII. ENTRY INTO FORCE

This Agreement shall enter into force on the date of its signature.

IN WITNESS WHEREOF the representatives of the two Parties, being duly authorized for that purpose, have signed this Agreement in duplicate in the French language.
DONE at Copenhagen, on 21 June 1984.

For the Government
of the Kingdom of Denmark:
[KAJ BAAGØ]

For the Government
of the Republic of the Upper Volta:
[OUBKIRI MARC YAO]

ANNEX

GUIDELINES FOR PAYMENTS MADE UNDER AGREEMENTS ON DANISH FINANCIAL ASSISTANCE IN THE FORM OF GRANTS

Withdrawals from the Danmarks Nationalbank Account referred to in article II of the Financial Agreement (hereinafter called "the Agreement") of which this annex forms an integral part shall be made in accordance with the following procedure:

1. Importers or prospective investors from the Recipient country and Danish exporters or consultants shall negotiate contracts for capital goods and services to be financed under the Agreement and submit them for approval to the competent authorities of the Recipient and of the Donor.

2. The Recipient shall notify the Donor of its approval of any contract concluded under the Agreement, and shall submit a copy of that contract to the Donor for approval.

The Donor shall ascertain whether:

- (a) The contracts fall within the scope of the Agreement and are in conformity with plans for the execution of the projects specified in article III of the Agreement;
- (b) The capital goods in question have been manufactured in Denmark and are to be supplied by Danish exporters, or the services in question are to be performed by persons carrying on business in Denmark;
- (c) The value of the contract is specified in Danish currency, and whether prices and wages relating to deliveries of goods and services, and the other terms of the contract, are reasonable and consistent with normal commercial practice;
- (d) Arrangements have been made to provide the necessary bankable assurances. (Any payment made in respect of such assurances shall be credited to the Danmarks Nationalbank Account);
- (e) Insurance in convertible currency, covering shipping from Denmark to the project site, at the very least, has been taken out by the suppliers on the capital goods being delivered.

After approving a contract, the Donor shall so inform the Recipient.

3. When a contract has been approved by both Parties, the Recipient may make withdrawals from the Danmarks Nationalbank Account to pay for the shipment stipulated in the contract. Payments out of the Account to Danish exporters or consultants shall be contingent on presentation of the necessary documents, after the Danmarks Nationalbank, in consultation with the Ministry of Foreign Affairs of the Kingdom of Denmark has satisfied itself that all other conditions for effecting such payments have been satisfied.

4. The same procedure shall apply to withdrawals from the Account to cover local expenses.