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CREDIT NUMBER 1331 WAF

# Development Credit Agreement

(Regional Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

BANQUE OUEST-AFRICAINE DE DEVELOPPEMENT

Dated

*June 8*, 1983

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CREDIT NUMBER 1331 WAF

## DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 8, 1983, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and BANQUE OUEST-AFRICAIN DE DEVELOPPEMENT (hereinafter called the Borrower).

WHEREAS (A) by a development credit agreement (Project Preparation Credit) dated January 25, 1980 between the Association and the Borrower, the Association has granted a credit to the Borrower in various currencies equivalent to three million dollars (\$3,000,000) to assist in the financing of engineering and feasibility studies for the preparation of projects;

(B) the Borrower has requested the Association and the International Bank for Reconstruction and Development (hereinafter called the Bank) to assist in the financing of, inter alia, projects which were the subject of such studies and by an agreement of even date herewith between the Borrower and the Bank (hereinafter called the Loan Agreement) the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to six million one hundred thousand dollars (\$6,100,000); and

WHEREAS the Association has agreed, on the basis inter alia of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### 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 June 30, 1980, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, 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 and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Sub-loan" means a loan made or proposed to be made by the Borrower out of the proceeds of the Credit to an Investment Enterprise for the financing of an Investment Project.

(b) "Investment Enterprise" means the recipient of a Sub-loan.

(c) "Investment Project" means a specific development project to be carried out by an Investment Enterprise utilizing the proceeds of a Sub-loan.

(d) "Eligible Member State" means any one of the following member states of the Union Monétaire Ouest-Africaine: the People's Republic of Benin, the Republic of Niger, the Republic of Senegal, the Republic of Togo, the Republic of Upper Volta.

(e) "Member States" means the Eligible Member States and the Republic of the Ivory Coast.

(f) "Statutes" means the Statutes of the Borrower approved on December 4, 1973, as amended to the date of this Agreement.

(g) "Statement of Policy" means the Statement of Lending and Investment Policy approved on September 24, 1974 by the Ministerial Committee responsible for the reform of the Union Monétaire Ouest-Africaine, as amended to the date of this Agreement.

(h) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

## 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 thirteen million Special Drawing Rights (SDR 13,000,000).

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 by agreement between the Borrower and the Association, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Investment Projects or for Part B of the Project and to be financed out of the proceeds of the Credit.

Section 2.03. (a) When presenting a Sub-loan to the Association for approval, the Borrower shall furnish to the Association an application, in form satisfactory to the Association, together with: (i) a description of the Investment Enterprise; (ii) an appraisal of the Investment Project, including a description of the expenditures proposed to be financed out of the proceeds of the Credit and a calculation of the internal financial rate of return and of the economic rate of return, such calculations to be in accordance with guidelines satisfactory to the Association and the resulting economic rate of return to be satisfactory to the Association; (iii) the proposed terms and conditions of the Sub-loan, including the pro forma schedule of amortization of the Sub-loan; and (iv) such other information as the Association shall reasonably request.

(b) Except as the Association and the Borrower shall otherwise agree, applications made pursuant to the provisions of paragraph (a) of this Section shall be presented to the Association on or before June 30, 1986.

Section 2.04. The Closing Date shall be June 30, 1989 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.05. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one per cent ( $1/2$  of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue in respect of the amount authorized for each Sub-loan from the date on which the Association shall have authorized withdrawals from the Credit Account in respect of such Sub-loan in accordance with

Section 2.03 (a) of this Agreement to the respective dates on which amounts in respect of such Sub-loan shall be withdrawn from the Credit Account or cancelled.

(b) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Member States; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.06. 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 2.07. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing June 1, 1993, and ending December 1, 2032, each installment to and including the installment payable on December 1, 2002, 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 2.09. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.10. Except as the Association shall otherwise agree, the Borrower shall not utilize the proceeds of the Credit to co-finance projects financed by the proceeds of any other loan or credit made by the Bank or the Association, respectively.

Section 2.11. (a) The Borrower shall maintain a special account to which shall be debited: (i) all payments made by the Borrower to the Association pursuant to Section 2.06 of this Agreement; (ii) all proceeds received by the Borrower in accordance with the provisions of Section 4.04 of this Agreement in respect of Sub-loans; and (iii) a spread not exceeding three and one fourth per cent ( $3\frac{1}{4}\%$ ) per annum on the principal amount of

the Sub-loans outstanding from time to time; and to which shall be credited all payments of interest in respect of Sub-loans.

(b) The Borrower shall use any credit balances on the said account exclusively for the purpose of financing, on a grant basis, specific measures of development assistance in the Eligible Member States.

### ARTICLE III

#### Execution of the Project; Management and Operations of the Borrower

Section 3.01. (a) The Borrower shall carry out the Project described in Schedule 2 to this Agreement and conduct its operations and affairs in accordance with sound financial standards and practices, with qualified management and personnel, and in accordance with the Statutes and Statement of Policy.

(b) In order to assist the Borrower with the preparation and supervision of projects, the Borrower shall employ consultants to be financed under Category (2) of the table in paragraph 1 of Schedule 1 to this Agreement and whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association, such consultants to be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981, provided, however, that no prior consultation with, or review or approval by, the Association shall be required with respect to any step in the selection process for consulting assignments costing less than US\$40,000 each and, provided further, that the aggregate cost of such assignments shall not exceed US\$400,000.

Section 3.02 (a) The Borrower undertakes that, unless the Association shall otherwise agree, any Sub-loan will be made on terms whereby the Borrower shall obtain, by written contract with the Investment Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Association and the Borrower, including the right of the Borrower to: (i) require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) require that: (1) the goods and services to be financed out of the proceeds of the

Credit shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them and (2) such goods and services shall be used exclusively in the carrying out of the Investment Project; (iii) inspect, by itself or jointly with representatives of the Association if the Association shall so request, such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) require that: (1) the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, and (2) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Credit to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) obtain all such information as the Association or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise and to the benefits to be derived from the Investment Project; and (vi) suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Credit upon failure by such Investment Enterprise to perform its obligations under its contract with the Borrower.

(b) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to: (i) protect the interests of the Association and the Borrower; (ii) comply with its obligations under this Agreement; and (iii) achieve the purposes of the Project.

Section 3.03. (a) The Borrower shall furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the Investment Enterprises, and the Investment Projects, including semiannual reports on the status of projects under preparation, the Sub-loans and, where appropriate, the benefits to be derived from the foregoing.

(b) Within six months following the last withdrawal from the Credit Account, the Borrower shall prepare and furnish to the

Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Investment Projects, their costs and the benefits derived and to be derived from them, the performance by the Borrower and the Association of their respective obligations under this Agreement and the accomplishment of the purposes of the Credit.

Section 3.04. The Borrower shall duly perform all its obligations in agreements under which funds have been lent or otherwise put at the disposal of the Borrower by any of the Member States or others for relending, investment or management. The Borrower shall promptly inform the Association of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

Section 3.05. If the Borrower establishes or acquires any Subsidiary, the Borrower shall cause such Subsidiary to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or may be applicable thereto, as though such obligations were binding upon such Subsidiary.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain procedures and records adequate to monitor and record the progress of the Project and of each Investment Project (including its cost and the benefits to be derived from it) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

(b) Without limitation to the foregoing, the Borrower shall maintain separate accounts reflecting all expenditures incurred by Investment Enterprises which are development finance companies and on account of which withdrawals are requested from the Credit Account on the basis of certificates of expenditure.

(c) The Borrower shall ensure that Investment Enterprises that are development finance companies retain, until one year after the Closing Date, all records (orders, invoices, bills, receipts and other documents) evidencing the expenditures on account of which withdrawals are requested from the Credit



Account on the basis of certificates of expenditure and shall enable the Association's representatives to examine such records.

Section 4.02. The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements), including the separate accounts referred to in Sections 2.11 (a) and 4.01 (b) of this Agreement, 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, including, without limitation to the foregoing, separate opinions by said auditors (AA) in respect of the expenditures and records referred to in Section 4.01 (b) of this Agreement as to whether the proceeds of the Credit withdrawn from the Credit Account on the basis of certificates of expenditure have been used for the purpose for which they were provided, and (BB) in respect of the credit balances referred to in Section 2.11 (b) of this Agreement as to whether said balances have been used for the purposes stated in said Section; and (iii) furnish to the Association such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Association shall from time to time reasonably request.

Section 4.03. The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Association, would materially affect the Borrower's ability to meet its financial obligations.

Section 4.04. In order to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including the CFA Franc) used in its lending and borrowing operations, the Borrower shall charge a foreign exchange risk fee of one per cent (1%) per annum on the principal amount of its loans outstanding from time to time. The adequacy of this mechanism shall be reviewed annually by the Borrower and the Association, and if the Association shall not deem it to be satisfactory, the Borrower shall take such steps satisfactory to the Association as shall be necessary to improve its protection against such risk.

Section 4.05. The Association and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the administration, operations and financial condition of the Borrower and its Subsidiaries, including its interest rate structure and the rationale therefor, and the Borrower shall furnish to the Association all such information as the Association shall reasonably request concerning any of these matters.

Section 4.06. The Borrower shall enable the Association's representatives to inspect the records referred to in Section 4.01 of this Agreement and any relevant documents.

## ARTICLE V

### Remedies of the Association

Section 5.01. For the purposes of Section 6.02 of the General Conditions the following additional events are specified:

(a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;

(b) a change shall have been made in the Statutes or the Statement of Policy which would materially and adversely affect the operations or the financial condition of the Borrower;

(c) a resolution shall have been passed for the dissolution or liquidation of the Borrower; and

(d) a Subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial condition or the efficiency of the Borrower's management and personnel or the carrying out of the Project.

Section 5.02. For the purposes of Section 7.01 of the General Conditions the following additional events are specified:

(a) the event specified in paragraph (a) or paragraph (b) or paragraph (c) of Section 5.01 shall occur; and

(b) the event specified in paragraph (d) of Section 5.01 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

## ARTICLE VI

### Miscellaneous

Section 6.01. The date of September 6, 1983 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

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.

Telex:

440098 (ITT),  
248423 (RCA) or  
64145 (WUI)

For the Borrower:

Banque Ouest-Africaine de Développement  
Boite Postale 1172  
Lomé  
Togo

Telex:

5289  
5336

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.

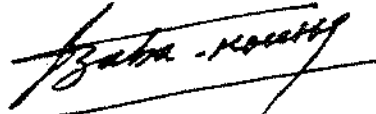
INTERNATIONAL DEVELOPMENT ASSOCIATION



By

Regional Vice President  
Western Africa

BANQUE OUEST-AFRICAINE DE DEVELOPPEMENT



By

Authorized Representative

**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:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Sub-loans	12,050,000	100% up to 80% of the cost of the Investment Project
(2) Consultants' services for Part B of the Project	950,000	90%
<b>TOTAL</b>	<u>13,000,000</u>	

2. 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, any of the Eligible Member States on goods or services, or on the importation, manufacture, procurement or supply thereof; to that end, if the amount of any such taxes levied on or in respect of any item to be financed out of the proceeds of the Credit decreases or increases, the Association may, by notice to the Borrower, increase or decrease the disbursement percentage then applicable to such item as required to be consistent with the aforementioned policy of the Association.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

(i) prior to the date of this Agreement;

(ii) more than ninety days prior to the date on which the Association shall have received in respect of any Sub-loan the application and information required by Section 2.03 (a) of the Development Credit Agreement; or

(iii) incurred by an Investment Enterprise unless the Sub-loan has been approved by the Association.

4. 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 the 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.

## SCHEDULE 2

### Description of the Project

The purpose of the Project is to assist the Borrower in financing such productive facilities and resources in the Eligible Member States as will contribute to their economic and social development.

The Project consists of the following parts:

#### Part A: Financing of Investment Projects

Financing of Investment Projects through loans to Investment Enterprises in the territories of the Eligible Member States in furtherance of such corporate purposes of the Borrower as are provided in the Borrower's Statutes and Statement of Policy.

#### Part B: Improvement of Operations

- (1) Improvement of the Borrower's operations through: (a) the improvement of the Borrower's management and project appraisal and supervision capabilities, particularly in the industrial sector; and (b) improvement of its sectoral strategy, project programming and follow-up (including ex-post evaluation).
- (2) Carrying out of such studies as may be agreed upon between the Association and the Borrower.

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Part B of the Project is expected to be completed by December 31, 1986.

### SCHEDULE 3

#### Modification of the General Conditions

For the purpose of this Development Credit Agreement, the provisions of the General Conditions are modified as follows:

(1) The words "to its members" in the first sentence of Section 1.01 are deleted.

(2) Paragraph 5 of Section 2.01 is deleted and replaced by the following new paragraph:

"5. The term "Borrower" means the party to the Development Credit Agreement to which the Credit is granted."

(3) A new paragraph 14 is added to Section 2.01 to read as follows:

"14. The term Member States means the People's Republic of Benin, the Republic of the Ivory Coast, the Republic of Niger, the Republic of Senegal, the Republic of Togo, and the Republic of Upper Volta."

(4) The words "in the currency of the Borrower" in Section 4.01 are deleted and replaced by the words "in the currency of the Member States".

(5) The words "the Borrower" in Section 4.06 (b) are deleted and replaced by the words "the Member States".

(6) Paragraph (e) of Section 6.02 is deleted and replaced by the following new paragraph:

"(e) Any one or more of the Member States: (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".

(7) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.02. 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) by the date specified in Section 2.04 (b) of the Development Credit Agreement no application for approval to withdraw from the Credit Account in respect of any portion of the Credit shall have been received by the Association, or having been so received, shall have been denied or (c) after the Closing Date an amount of the Credit shall remain withdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right to request such approvals or to make withdrawals from the Credit Account, as the case may be, with respect to such amount or portion of the Credit. Upon the giving of such notice such amount or portion of the Credit shall be cancelled."

(8) Section 8.01 is deleted and replaced by the following Section:

"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 territories of, the Member States.

(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 Member States or in connection with the execution, delivery or registration thereof."

(9) Paragraph (c) of Section 9.01 is deleted and replaced by the following paragraph:

"(c) The Borrower shall take all action necessary or useful to ensure that the Member States afford all reasonable opportunity for accredited representatives of the Association