Development Credit Agreement
(Lake Chad Polders Project)

BETWEEN

REPUBLIC OF CHAD

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED NOVEMBER 26, 1975
Development Credit Agreement
(Lake Chad Polders Project)

BETWEEN

REPUBLIC OF CHAD

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED NOVEMBER 26, 1975
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 26, 1975, between the REPUBLIC OF CHAD (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Republic of France, the African Development Fund (hereinafter called AFDF), the United States Agency for International Development (hereinafter called USAID) and the Association to assist in the financing of the Project described in Schedule 2 to this Agreement:

(B) The Republic of France intends to assist in the financing of Parts I, II and III of the Project;

(C) AFDF intends to assist in the financing of Parts I and IV of the Project;

(D) USAID intends to assist in the financing of Part V of the Project;

(E) The Project will be carried out by SODELAC with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SODELAC the proceeds of the Credit as hereinafter provided; and

(F) The Association is willing, on the basis inter alia of the foregoing, to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith between the Association and SODELAC;

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 March 15, 1974, 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) "SODELAC" means Société de Développement du Lac, a Société de Développement of the Borrower, established and operating pursuant to the Borrower's Ordonnance No. 22/PR/CGP/DPD of August 5, 1967;

(b) "Project Agreement" means the agreement between the Association and SODELAC of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement and all agreements supplemental to the Project Agreement;

(c) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and SODELAC pursuant to Section 3.01(b) of this Agreement, as the same may be amended from time to time;

(d) "Francs CFA" and "CFAF" mean francs in the currency of the Borrower;

(e) "BDT" means the Banque de Développement du Tchad, established under Ordonnance No. 1 of the Borrower dated January 13, 1962;

(f) "Revolving Fund" means the fund to be established and operated by BDT in accordance with the provisions of Section 2.09 of this Agreement; and

(g) "Project Unit" means the unit referred to in Section 2.02 of the Project 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 five million dollars ($5,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule I 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 the Project and to be financed out of the proceeds of the Credit.

(b) Without limitation on the provisions of paragraph (a) of this Section the Association shall, promptly after the Effective Date, withdraw from the Credit Account and deposit in the Revolving Fund an initial amount in the currency of the Borrower not exceeding $400,000 equivalent and shall thereafter, at the request of BDT, further withdraw from the Credit Account and deposit in the Revolving Fund such amounts as shall be required to reimburse BDT for payments made out of the Revolving Fund for expenditures for the Project eligible for financing under the Development Credit Agreement but only to the extent that the amount of any such deposit, together with any amount on deposit in the Revolving Fund as of the date of such request, shall not exceed in the aggregate the equivalent of $400,000.

(c) Notwithstanding the foregoing, no further deposit shall be made to the Revolving Fund and no other withdrawal shall be made from the Credit Account when the total amount theretofore withdrawn from the Credit Account pursuant to paragraphs (a) and (b) of this Section, together with the amount of any special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions shall have reached in the aggregate the equivalent of $4,600,000.

(d) The Borrower shall be entitled to withdraw from the Credit Account pursuant to the provisions of paragraph (a) of this Section the unwithdrawn amount of the Credit in excess of $4,600,000, if and only to the extent that the Association shall have been satisfied that all payments were made by BDT out of the Revolving Fund for expenditures eligible for withdrawal from the Credit Account.

(e) If the Association shall have determined that payments have been made by BDT out of the Revolving Fund for expenditures not eligible for withdrawal from the Credit Account, the Borrower shall, upon notice from the Association, deposit in the Revolving Fund an amount equal to the amount of such payments.

Section 2.03. Except as the Association shall otherwise agree, the goods, works or services (other than consultants' services) for the Project to be financed out of the proceeds of the Credit, shall be procured in accordance with the provisions set forth or referred to in Section 2.03 of the Project Agreement.

Section 2.04. The Closing Date shall be December 31, 1980 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.
Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (\(3/4\) 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 May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing May 1, 1986 and ending November 1, 2025, each installment to and including the installment payable on November 1, 1995 to be one-half of one per cent (1/2 of 1\%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2\%) of such principal amount.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. The Borrower shall establish and maintain a revolving fund within BDT and shall cause BDT to credit and debit such fund in accordance with the following provisions:

(a) There shall be credited to the Revolving Fund: (i) such amounts as shall from time to time be withdrawn from the Credit Account and deposited in the Revolving Fund by the Association pursuant to paragraph (b) of Section 2.02 of this Agreement; and (ii) such amounts as shall be deposited by the Borrower in the Revolving Fund in accordance with the provisions of paragraph (e) of Section 2.02 of this Agreement.

(b) Amounts deposited in the Revolving Fund pursuant to paragraph (a) of this Section shall be used only to make payments for expenditures eligible for withdrawal from the Credit Account.

ARTICLE III

Execution of the Project

Section 3.01. (a) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause SODELAC to perform in accordance with the provisions of the Project Agreement all the obligations therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable SODELAC to perform such obligations.
(b) The Borrower shall, under a Subsidiary Loan Agreement satisfactory to the Association, relend to SODELAC the proceeds of the Credit.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. The Borrower shall take all necessary measures, including the enactment of a decree upon terms substantially similar to those set forth in the draft thereof furnished by the Borrower to the Association, for the purposes of granting to SODELAC the sole right to organize the settlement of farmers on polder lands newly developed under the Project, including *inter alia* the right to lease state-owned lands.

Section 3.03. The Borrower shall promptly take all action required on its part in order to enable SODELAC to establish a wheat price formula in accordance with Section 2.10(b) of the Project Agreement.

Section 3.04. The Borrower shall, as soon as possible after the submission to it by SODELAC of the consultant's recommendations referred to in Section 3.03(b) of the Project Agreement, enter into consultations with the Association for the purpose of establishing a timetable for the implementation of said recommendations.

**ARTICLE IV**

**Other Covenants**

Section 4.01. The Borrower shall provide to SODELAC, promptly as needed, the funds required by SODELAC to cover the cost of services which SODELAC shall provide, at the request of the Borrower, to farmers not included in the Project.

Section 4.02. (a) The Borrower shall promptly carry out an epidemiological study of the area to be developed under the Project, for the purpose of determining the extent to which schistosomiasis and other diseases affect the population in said area.

(b) Upon completion of such study, the Borrower shall review the results thereof with the Association in order to determine the steps to be taken for the control of said diseases.
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 pursuant to paragraph (h) thereof:

(a) SODELAC shall have failed to perform any covenant, agreement or obligation of SODELAC under the Project Agreement;

(b) An extraordinary situation shall have arisen which shall make it improbable that SODELAC will be able to perform its obligations under the Project Agreement;

(c) The Borrower's Ordonnance No. 22/PR/CGP/DPD of August 5, 1967, and SODELAC's Statutes, dated September 6, 1967, shall, without prior consultation with the Association, have been amended (except to the extent provided for in Section 3.02 of this Agreement), suspended, abrogated, repealed or waived in such a way as to (i) substantially alter the organization, powers and responsibilities of SODELAC or (ii) materially or substantially affect the ability of SODELAC to carry out the covenants, agreements and obligations set forth in the Project Agreement;

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SODELAC or for the suspension of its operations; and

(e)(i) Subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of the French, AFDF and USAID grant or loan for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreements providing therefor, or

(B) the AFDF loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any
of its obligations under such agreements, and (B) adequate funds for the Project are available to the Borrower or to SODELAC from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement and SODELAC under the Project Agreement.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following events are specified pursuant to paragraph (d) thereof:

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

(b) any event specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (e)(i)(B) of Section 5.01 of this Agreement shall occur.

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 execution of the Project Agreement on behalf of SODELAC have been duly authorized or ratified by all necessary corporate and governmental action;

(b) the participations in the financing of the Project to be provided by the French Republic and by AFDF have been approved by the French Republic and by AFDF, respectively;

(c) the long-term agreements referred to in Sections 2.10(a) and 2.11(a) of the Project Agreement have been concluded;

(d) the decree referred to in Section 3.02 of this Agreement shall have been enacted and published;

(e) the Manager of the Project Unit referred to in paragraph 1 of Schedule 2 to the Project Agreement has been appointed; and
(f) the Borrower has made available to SODELAC (i) the balance of its contribution to the capital of SODELAC amounting to CFAF70 million and (ii) the amounts budgeted in favor of SODELAC for the years 1973 and 1974 amounting to CFAF54 million.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02(b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) That the Project Agreement has been duly authorized or ratified by, and executed on behalf of, SODELAC, and is legally binding upon SODELAC in accordance with its terms; and

(b) That the Subsidiary Loan Agreement has been duly entered into by the Borrower and SODELAC and is legally binding upon the Borrower and SODELAC in accordance with its terms.

Section 6.03. The date February 26, 1976, is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Section 4.01 of this Agreement and the provisions of paragraphs (a) and (b) of Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for finance 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:

Ministère des Finances et du Plan
Boîte Postale 286
N'Djamena, Republic of Chad
Cable address:

Ministère Finances
N'Djamena

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.

REPUBLIC OF CHAD

By /s/ Bawoyeu Alingue
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Xavier de la Renaudiere
Director, Country Programs Department
Western 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cement, equipment, vehicles and chemicals</td>
<td>1,300,000</td>
<td>71%</td>
</tr>
<tr>
<td>(2) Operating expenses and local staff salaries</td>
<td>800,000</td>
<td>71%</td>
</tr>
<tr>
<td>(3) Technical assistance under Part II(b) of the Project</td>
<td>1,100,000</td>
<td>71%</td>
</tr>
<tr>
<td>(4) Consulting services under Part II(a) of the Project, audit, and scholarships under Part II(b) of the Project</td>
<td>100,000</td>
<td>71%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>1,700,000</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL 5,000,000

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, the Borrower 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:

(a) in respect of expenditures prior to the date of this Agreement, provided, however, that withdrawals may be made under Categories (2) and (3) prior to such date but after October 1, 1975 in an amount not exceeding the equivalent of $100,000; or

(b) under Category (2) above until the Association shall have approved the particular expenses and salaries to be financed pursuant to the request for withdrawal.

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,

(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.

5. 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 constitutes the first phase of a program of irrigated agricultural development using the waters of Lake Chad. It consists of the following parts:

Part I:
(a) Rehabilitation and completion of the irrigation and drainage networks of the Guini polder, representing a net cultivable area of about 370 ha.

(b) Construction of the irrigation and drainage networks of the Berim polder, representing a net cultivable area of about 800 ha.

Part II:
(a) The provision of technical assistance for SODELAC's reorganization (about 10 man-months of expert services).

(b) The provision of staff to the Project Unit within SODELAC for a period of about four years (about 336 man-months) and of scholarships for counterpart training.

Part III:
(a) The full operation of all newly developed land for an initial period of twelve-months in order to facilitate subsequent farmer settlements and the carrying out of the basic cultivations for the following period of twelve-months, during which farmer settlements will take place.

(b) The provision of a general operational framework and of specific services to the farmers taking up cultivation of the newly developed land, such services to include, inter alia, training, agricultural credit and marketing assistance.

Part IV: The construction of three agricultural service centers and of about sixteen houses for Project staff.

Part V: The expansion of the program of adaptive agricultural research at the Matafo Research Station by providing about 108 man-months of research staff.

* * * * * * * *

The Project is expected to be completed by December 31, 1979.