Development Credit Agreement

(Debi Lampsar Irrigation Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 17, 1978
CREDIT NUMBER 775 SE

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 17, 1978, between REPUBLIC OF SENEGAL (hereinafter sometimes called the Borrower or Senegal) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association.)

WHEREAS (A) the Borrower has requested the Association to assist in the financing of the foreign exchange cost of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) the Project will be carried out by the Société d'Aménagement et d'Exploitation des Terres du Delta du Fleuve Sénégal, an établissement public of the Borrower (hereinafter called SAED) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SAED the proceeds of the Credit as hereinafter provided;

(C) the Borrower intends to contract from the Kuwait Fund for Arab Economic Development (hereinafter called the Kuwait Fund) a loan (hereinafter called the Kuwait Fund Loan) in an amount equivalent to $5,300,000 to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (hereinafter called the Kuwait Fund Loan Agreement) to be entered into between the Borrower and the Kuwait Fund;

(D) the Borrower intends to contract from the Fonds d'Aide et de Coopération a grant (hereinafter called the FAC Grant) in an amount of 13,200,000 French francs (equivalent to about $2,700,000) to assist in financing Part D (i) of the Project on the terms and conditions set forth in an agreement (hereinafter called the FAC Agreement) to be entered into between the Borrower and Fonds d'Aide et de Coopération;

(E) by a development credit agreement dated May 22, 1975, (hereinafter called the Second Development Credit Agreement) between the Borrower and the Association, the Association granted to the Borrower a credit (hereinafter called the Second Credit) in various currencies equivalent to one million dollars ($1,000,000) to assist in financing technical and organizational studies necessary for the implementation of the Project; and

(F) the Association is prepared to refinance the Second Credit out of the proceeds of the Credit provided for herein; 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 and in the Project Agreement of even date herewith between the Association and SAED;

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 and in the Preamble hereto have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement between the Association and SAED 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;

(b) "Second SAED Financing Agreement" means the agreement to be entered into between the Borrower and SAED pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Second SAED Financing Agreement;

(c) "SAED Financing Agreement" means the agreement dated March 4, 1973, referred to in the First Development Credit Agreement as the SAED Financing Agreement;

(d) "First Development Credit Agreement" means the development credit agreement (Senegal River Polders Project), dated January 9, 1973 between the Borrower and the Association;
(e) "SAED" means the Société d'Aménagement et d'Exploitation des Terres du Delta du Fleuve Sénegal, an établissement public of the Borrower, established pursuant to Law No. 65-001 of the Borrower, dated January 20, 1965, and organized pursuant to Decree No. 65-026 of the Borrower, dated January 20, 1965, and includes any successor thereto;

(f) "BNDS" means the Banque Nationale de Développement du Sénégal, a société d'économie mixte of the Borrower, established pursuant to Law No. 64-33 of the Borrower, dated May 26, 1964, and operating under by-laws (Statuts) approved pursuant to Decree No. 64-492 of the Borrower, dated July 3, 1964, and includes any successor thereto;

(g) "ONCAD" means the Office National de Coopération et d'Assistance pour le Développement, an établissement public of the Borrower, established pursuant to Law No. 66-60 of the Borrower, dated June 30, 1966, as amended by Law No. 67-46 of the Borrower, dated October 12, 1967, and includes any successor thereto;

(h) "SENELEC" means the Société Sénégalaise de Distribution d'Energie Electrique, a société d'économie mixte established, and operating pursuant to the Borrower's laws and regulations;

(i) "Project Period" means the period during which the proceeds of the Credit will be disbursed, expected to extend from the Effective Date to the Closing Date;

(j) "Project Area" means the area where the Project is to be carried out as described in Schedule 2 to this Agreement;

(k) "Debi Sub-Project" means Part A of the Project;

(l) "Lampsar Sub-Project" means Part B of the Project;

(m) "Debi Sub-Project Area" means the area where Part A of the Project is to be carried out as described in Schedule 2 to this Agreement;

(n) "Lampsar Sub-Project Area" means the area where Part B of the Project is to be carried out as described in Schedule 2 to this Agreement;

(o) "Participating farmer" means a farmer or farmer group participating under Part A or B of the Project;
(p) "Consolidated fees" means the payments made by farmers to SAED on account of mechanical services provided by SAED and on account of water charges, all as provided in Section 3.05 of the Project Agreement; and

(q) "CFAF" refers to the currency of the Borrower.

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 twenty million dollars ($20,000,000).

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

(b) On the Effective Date of this Agreement, the Association shall withdraw from the Credit Account and pay to itself, on behalf of the Borrower, the amount required to repay the principal amount withdrawn and outstanding, together with the accrued service charges and other charges if any, thereon, of the Second Credit. Any amount remaining unwithdrawn in the Credit Account for the Second Credit shall automatically be cancelled on the same date.

Section 2.03. Except as the Association shall otherwise agree, procurement of the goods and civil works to be financed out of the proceeds of the Credit shall be governed by the provisions set forth or referred to in Section 2.03 of the Project Agreement.

Section 2.04. The Closing Date shall be June 30, 1983 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 semiannually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing April 1, 1988, and ending October 1, 2027, each installment to and including the installment payable on October 1, 1997, 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 Directeur Général of SAED is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

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 SAED to perform in accordance with the provisions of the Project Agreement and the Second SAED Financing 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 SAED to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of Subsection (a) of this Section, the Borrower shall make available under a financing agreement to be in form and substance satisfactory to
the Association to SAED: (i) the proceeds of the Credit; and (ii) whenever there is reasonable cause to believe that the funds available to SAED will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to provide all such additional funds as may be required to meet such expenditures.

(c) The Borrower shall exercise its rights under the Second SAED Financing 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, amend, abrogate or waive the Second SAED Financing Agreement or any provision thereof.

Section 3.02. (a) The Borrower shall make available to SAED such additional personnel as may be required by SAED to enable it to carry out the Project.

(b) The Borrower shall take all necessary steps to ensure that the technical specialists referred to in Section 2.02 (b) of the Project Agreement shall be replaced only by personnel with qualifications and experience acceptable to the Association.

Section 3.03. Except as the Association shall otherwise agree, the Borrower shall cause ONCAD to make payment without delay for all rice and other produce delivered by SAED to ONCAD.

Section 3.04. Except as the Association shall otherwise agree, the Borrower shall take all necessary steps to eliminate all subsidies for mechanical cultivation services accorded to participating farmers, after the first year of their participation.

Section 3.05. Without limitation or restriction to the generality of the provisions of paragraph (a) of Section 3.01 of this Agreement, the Borrower shall, promptly as required, take all action necessary on its part to enable SAED to impose and collect consolidated fees, as provided in Section 3.05 of the Project Agreement.

Section 3.06. Without limitation or restriction to the generality of the provisions of Section 3.01 of this Agreement and except as the Association shall otherwise agree, the Borrower shall take all necessary steps to ensure that:
(i) each annual operating budget of SAED, as approved by the Borrower, shall be executed in accordance with its terms and the funds therein provided made available to SAED promptly as required; and

(ii) SAED shall, during the Project Period be at all times headed by a qualified and experienced Directeur Général; such Directeur Général shall be assisted by an agent comptable particulier and a sub-project manager for the carrying out of each of the Parts A and B of the Project, all to be with qualifications, experience and terms and conditions of employment satisfactory to the Association.

Section 3.07. The Borrower undertakes to provide, or cause SENELEC to provide, the facilities constructed or installed under the Project with adequate supplies of electric power or to enable said facilities to be operated efficiently, all under arrangements satisfactory to the Association.

ARTICLE IV

Remedies of the Association

Section 4.01. For the purposes of Section 6.02 of the General Conditions the following additional events are specified pursuant to paragraph (h) thereof:

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

(b) Law No. 65-001 of the Borrower, dated January 20, 1965, or Decree No. 65-026 of the Borrower, dated January 20, 1965, shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the ability of SAED to carry out the covenants, agreements and obligations set forth in the Project Agreement or the Second SAED Financing Agreement;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SAED or for the suspension of its operations without the prior consent of the Association;
(d) an extraordinary situation shall have arisen which shall make it improbable that SAED will be able to perform its obligations under the Project Agreement or the Second SAED Financing Agreement;

(e) SAED shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by SAED or by others whereby any of its assets shall or may be distributed among its creditors;

(f) a default shall occur under the First Development Credit Agreement or under the Second Development Credit Agreement other than in respect of the payment of principal, or service charges or any other payment required thereunder;

(g) the form agreement referred to in paragraph (c) of Section 7.01 of the First Development Credit Agreement has been amended without the prior approval of the Association;

(h) the conditions precedent, if any, to the first disbursement of the Kuwait Fund Loan shall not be fulfilled by December 31, 1978, and the Borrower or SAED have failed to satisfy the Association that they have secured alternative sources of financing under terms and conditions satisfactory to the Association to meet expenditures under Part A of the Project.

(i) (I) Subject to subparagraph (II) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of the Kuwait Fund Loan or of the FAC Grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the Kuwait Fund Loan Agreement or of the FAC Agreement, or

(B) the Kuwait Fund Loan shall have become due and payable prior to the agreed maturity thereof.

(II) Subparagraph (I) of this paragraph shall not apply if: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement, and (B) adequate funds for the Project are available to the Borrower from
other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 4.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified pursuant to paragraph (d) thereof:

(a) any event specified in paragraph (a) or (f) of Section 4.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower and SAED; and

(b) any event specified in paragraph (b), (c), (e), (h) or (i) (I) (B) of Section 4.01 of this Agreement shall occur.

ARTICLE V
Effective Date; Termination

Section 5.01. 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 and delivery of the Project Agreement on behalf of SAED have been duly authorized by all necessary corporate and governmental action;

(b) the execution and delivery of the Second SAED Financing Agreement on behalf of the Borrower and SAED, respectively, have been duly authorized by all necessary corporate and governmental action; and

(c) the conditions precedent to the first disbursement of the FAC Grant shall have been fulfilled subject only to the effectiveness of this Agreement.

Section 5.02. 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 by SAED and is legally binding upon SAED in accordance with its terms; and
(b) that the Second SAED Financing Agreement has been duly authorized by, and executed and delivered on behalf of, the Borrower and SAED, respectively, and constitute valid and binding obligations of the Borrower and SAED in accordance with their terms.

Section 5.03. The date July 17, 1978, is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.04. The obligations of the Borrower under Sections 3.02 through 3.07 of this Agreement and the provisions of paragraphs (a), (b), (c), (d) and (e) of Section 4.01 and of paragraphs (a) and (b) of Section 4.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date thirty years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 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 Borrower:

Ministère des Finances et des
Affaires Economiques
Rue Charles Laimé
B.P. 4017
Dakar, Sénégal

Cable address:

MINIFINANCES
Dakar
For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
Telex: 440098 (ITT)
INDEVAS
Washington, D.C.
248423 (RCA) or
64145 (WUI)

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 SENEGAL

By /s/ A. Coulbary
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ X. de la Renaudière
Acting Regional Vice President
Western Africa
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) Civil works for irrigation works and buildings</td>
<td>11,000,000</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Vehicles and equipment</td>
<td>1,800,000</td>
<td>100% of foreign expenditures and 75% of local expenditures</td>
</tr>
<tr>
<td>(3) Operating costs (excluding salaries)</td>
<td>200,000</td>
<td>75%</td>
</tr>
<tr>
<td>(4) Consulting services</td>
<td>3,000,000</td>
<td>85%</td>
</tr>
<tr>
<td>(5) Refunding - Credit No. S-18 SE</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than the Borrower and for goods or services supplied from the territory of any country other than the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory
of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower and for goods or services supplied from the territory of the Borrower.

3. 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.

4. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

5. 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.

6. 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 is part of the Borrower's program to: (a) continue the development of irrigation in the Senegal River Delta in two perimeters at Debi and Lampsar for producing paddy and tomatoes; and (b) prepare for future development of the whole river valley through strengthening SAED's managerial, planning and research capabilities. The Project is to be carried out in an area of about 1,200 km² in the Delta and Lower Valley of the Senegal River, in the northwestern part of the territories of the Borrower, having as its base the main highway between St. Louis and the Dagana basin; its apex the Debi basin; and its western and eastern sides, the main stream of the Senegal River; all as delineated on Map IBRD No. 3984R2, dated July 1977, of the International Bank for Reconstruction and Development. The Project consists of the following Parts:

Part A: Debi perimeter

(i) Construction of primary and secondary irrigation and drainage networks, one pumping station; carrying out of on-farm development including land levelling; and construction of access roads, all to permit full water control on a single perimeter of 1,100 ha located in an area of about 1,500 ha as demarcated on Map IBRD No. 12863, dated June 1977, of the International Bank for Reconstruction and Development;

(ii) Construction of houses, offices, stores and other facilities close to the perimeter; and

(iii) Provision of agricultural equipment and vehicles.

Part B: Lampsar perimeter

(i) Construction of embankments along each side of the Lampsar channel;

(ii) Construction of protective dikes, primary and secondary irrigation and drainage networks, 14 pumping stations, access roads; carrying out of on-farm development including land levelling, all
to permit full water control on 11 subperimeters totalling 2,220 ha located in two areas totalling about 3,000 ha as demarcated on Map IBRD No. 12864, dated July 1977, of the International Bank for Reconstruction and Development;

(iii) Construction of houses, offices, stores and other facilities within the perimeter; and

(iv) Provision of agricultural equipment and vehicles.

Part C: Agricultural development

(i) The selection of some 1,100 farmers and allocation to them of holdings of 3 ha each; and

(ii) Provision of agricultural mechanical services, inputs, marketing facilities and extension services for production of paddy and tomatoes.

Part D: Technical assistance

(i) Strengthening of SAED's managerial, financial management, research and planning capabilities together with provision of equipment and vehicles to carry out applied research; and

(ii) Studies including final design of projects for the future development of the Senegal River Delta and valley.

*    *    *

The Project is expected to be completed by December 31, 1982.
SCHEDULE 3

Terms and Conditions of
Second SAED Financing Agreement

1. The Borrower shall make available to SAED as a grant that
portion of the proceeds of the Credit allocated from time to time
to Categories (1) through (5) of the table of Allocation of the
Proceeds of the Credit set forth in paragraph 1 of Schedule 1 to
the Development Credit Agreement.

2. In addition to the portion of the proceeds of the Credit made
available to SAED under paragraph 1 above, the Borrower shall make
available to SAED, in the form of a grant, such additional funds,
as are required to enable SAED to carry out the Project and its
other operations.

3. Funds required for the Project shall be made available to
SAED before the end of each calendar quarter on the basis of
estimates prepared by SAED and approved by the Borrower and the
Association, covering SAED's funding requirements for the Project
for the following calendar quarter.

4. The funds to be provided under paragraph 3 above shall be
deposited with BNDS for credit to the account of SAED. Withdrawal
from such account will be made by the Borrower's Agent Comptable
Central des Etablissements Publics upon proposal of the Directeur
Général of SAED.

5. The Borrower shall take all necessary steps to ensure that
each annual operating budget of SAED as approved by the Borrower
shall be executed in accordance with its terms and the funds
therein provided made available to SAED promptly as required.

6. Without limitation or restriction upon the provisions above,
the Borrower shall establish and thereafter maintain in favor of
SAED, an advance working capital fund (caisse d'avance), managed
by the agent comptable particulier of SAED, for the purpose of
meeting SAED's extraordinary working expenses (including, without
limitation, salaries for temporary personnel, spare parts and
expenses for maintenance and other actions which may be incurred
on an exceptional basis). Such fund shall be credited with an
initial amount of CFAF35,000,000 (which amount shall be revised
upwards or downwards, as and when appropriate) and shall be
replenished by the Borrower promptly at such time as sixty-five
per cent of the initial amount shall have been drawn down.
7. Without limitation or restriction upon the provisions above, the Borrower shall, at the beginning of each harvest, make available to SAED, either in the form of Treasury advances or bank overdraft, sufficient funds to enable SAED to initiate the marketing cycle for the produce to be harvested (including inter alia transport costs related thereto).