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CREDIT NUMBER 1497 MAG

# Project Agreement

(Urban Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

CENTRE NATIONAL DE L'ARTISANAT MALAGASY

Dated

*July 3*, 1984

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**PROJECT AGREEMENT**

AGREEMENT, dated July 3, 1984, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and CENTRE NATIONAL DE L'ARTISANAT MALAGASY (hereinafter called CENAM).

WHEREAS by the Development Credit Agreement of even date herewith between Democratic Republic of Madagascar (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to twelve million one hundred thousand Special Drawing Rights (SDR 12,100,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that CENAM agree to undertake such obligations toward the Association as are hereinafter set forth;

WHEREAS by a subsidiary loan agreement to be entered into between the Borrower and CENAM (hereinafter called the CENAM Subsidiary Agreement), part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to CENAM on the terms and conditions therein set forth; and

WHEREAS CENAM, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**Definitions**

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

**ARTICLE II**

**Execution of the Project**

Section 2.01. (a) CENAM declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement and, to this end, shall carry out

Part F.1 through F.3 of the Project described in said Schedule with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices.

(b) CENAM shall enter into an agreement with Bankin'ny Tantsaha Mpamokatra (BTM) under terms and conditions acceptable to the Association for purposes of carrying out of Part F.1 through F.3 of the Project.

Section 2.02 (a) CENAM shall cause all good and services financed out of the proceeds of the Credit relent to it by the Borrower to be used exclusively for the purposes of the project.

(b) Except as the Association shall otherwise agree, procurement of the goods and civil works required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. (a) CENAM shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports and contract documents for Part F.1 through F.3 of the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) CENAM shall: (i) maintain records and procedures adequate to record and monitor the progress of Part F.1 through F.3 of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Credit, and to disclose their use in the Project; (ii) enable the Association's representatives to visit the facilities and construction sites included in Part F.1 through F.3 of the Project and to examine the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning Part F.1 through F.3 of the Project, their cost and, where appropriate, the benefits to be derived from them, the expenditures of such proceeds and the goods and services financed out of such proceeds.

(c) CENAM shall fully cooperate with BPU in the carrying out of its responsibilities under this Agreement and in the preparation of the completion report referred to in Section 3.04 (c) of the Development Credit Agreement.

Section 2.04. CENAM shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, CENAM shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the CENAM Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) CENAM shall, at the request of the Association, exchange views with the Association with regard to the progress of Part F.1 through F.3 of the Project, the performance of its obligations under this Agreement and under the CENAM Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) CENAM shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part F.1 through F.3 of the Project, the accomplishment of the purposes of the Credit, or the performance by CENAM of its obligations under this Agreement and under the CENAM Subsidiary Loan Agreement.

### ARTICLE III

#### Management and Operations of CENAM

Section 3.01. CENAM shall carry on its operations and conduct its affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. CENAM shall at all times operate and maintain its plant, machinery, equipment and other property and, from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering and financial practices.

Section 3.03. CENAM shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. By December 31, 1984, CENAM shall appoint a chief of the Employment Unit whose qualifications and experience shall be acceptable to the Association.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) CENAM shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition, including, without limitation to the foregoing, separate accounts reflecting all expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure.

(b) CENAM shall retain, until one year after the Closing Date, all records (contracts, 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 statements of expenditure, and shall enable the Association's representatives to examine such records.

Section 4.02. CENAM shall:

(a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than eight months after the end of each such year, (i) certified copies of its financial statements for such year as so audited, and (ii) 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 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 made available to it and withdrawn from the Credit Account on the basis of statements of expenditure have been used for the purpose for which they were provided; and

(c) furnish to the Association such other information concerning said accounts, financial statements, records and expenditures, as well as the audit thereof, as the Association shall from time to time reasonably request.

## ARTICLE V

### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of CENAM thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) a date 15 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify CENAM of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

## ARTICLE VI

### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

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 CENAM:

Centre National de l'Artisanat Malagasy  
B.P. 540  
Antananarivo  
Madagascar

Cable address:

CENAM Antananarivo

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of CENAM may be taken or executed by the Directeur Général or such other person or persons as the Directeur Général shall designate in writing, and CENAM shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

*151 Joseph Kraske*

By

*Acting* Regional Vice President  
Eastern Africa

CENTRE NATIONAL DE L'ARTISANAT MALAGASY

*151 Léon Rajaobelina*

By

Authorized Representative



INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto 3<sup>rd</sup> day of JULY, 198 4.



FOR SECRETARY