

No. 7764

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
SYRIAN ARAB REPUBLIC**

Development Credit Agreement—*Highway Improvement Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 24 December 1963

Official text: English.

Registered by the International Development Association on 11 May 1965.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RÉPUBLIQUE ARABE SYRIENNE**

Contrat de crédit de développement — *Projet relatif au réseau routier* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 24 décembre 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 mai 1965.

No. 7764. DEVELOPMENT CREDIT AGREEMENT¹ (*HIGHWAY IMPROVEMENT PROJECT*) BETWEEN THE SYRIAN ARAB REPUBLIC AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 24 DECEMBER 1963

AGREEMENT, dated December 24, 1963, between SYRIAN ARAB REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations):

(a) Section 3.01 is deleted and the following new section is substituted therefor:

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“(b) The proceeds of the Credit shall be withdrawn from the Credit Account:

“(i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

¹ Came into force on 16 March 1965, upon notification by the Association to the Government of the Syrian Arab Republic.

² See p. 272 of this volume.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. ”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03. ”

(c) Section 3.04 is renumbered as Section 3.05.

Section 1.02. Unless the context otherwise requires, the following term, wherever used in this Agreement or in the Regulations, shall have the following meaning : the term “ Department of Highways and Bridges ” means the department by that name within the Ministry of Communications and shall also include any successor department or agency of the Borrower performing the present functions of said Department of Highways and Bridges.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to eight and one-half million dollars (\$8,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and of the Regulations, to withdraw from the Credit Account :

(a) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project;

(b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing; and

(c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs; provided, however, that no withdrawals shall be made on account of expenditures prior to the date of this Agreement.

Section 2.04. 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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each June 1 and December 1 commencing December 1, 1973 and ending June 1, 2013, each installment to and including the installment payable on June 1, 1983 to be one-half of one per cent of such principal amount, and each installment thereafter to be one and one-half per cent of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project and/or the maintenance of its highway system and shall not sell or otherwise dispose of goods financed out of the proceeds of the Credit, other than such goods as shall have become worn-out or obsolete.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and shall operate and utilize the machinery

and facilities purchased with the proceeds of the Credit in conformity with sound engineering and financial practices.

(b) Except as the Association shall otherwise agree, the Borrower shall employ or cause to be employed engineering consultants acceptable to, and upon terms and conditions agreed between, the Borrower and the Association to make the studies and to give the advice regarding construction and maintenance described in the Schedule to this Agreement.

(c) Except as the Association shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors satisfactory to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(d) The general design standards and the type of surfacing (including pavement) to be used for the Project shall be as determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

(e) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(f) The Borrower shall at all times make available, promptly as they are needed, all sums which shall be required for the carrying out of the Project.

(g) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditures of the proceeds of the Credit, the Project, the goods and the operations, the administration and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 4.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall insure or cause to be insured with responsible insurers goods financed out of the proceeds of the Credit. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of