

No. 8499

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
SOMALIA**

Development Credit Agreement—*Road Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 29 March 1965

Official text : English.

Registered by the International Development Association on 30 December 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
SOMALIE**

Contrat de crédit de développement — *Projet relatif à la construction de routes* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 29 mars 1965

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 30 décembre 1966.

No. 8499. DEVELOPMENT CREDIT AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE SOMALI REPUBLIC AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 29 MARCH 1965

AGREEMENT, dated March 29, 1965 between THE SOMALI REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit to it in an aggregate principal amount equivalent to \$6,200,000 to assist the Borrower in financing the construction of a road project ;

(B) the Borrower has also requested the European Economic Community through its Commission as Administrator of the European Development Fund (hereinafter called FED) to assist in such financing and in the financing of the engineering required therefor and of further programs relating to the roads of the Borrower and to the maintenance and administration thereof ;

(C) FED and the Borrower intend to enter into an agreement (*Convention de Financement*) providing for such financing by a grant in an amount equivalent to \$4,850,000 ;

(D) the Borrower, FED and the Association intend to enter into an Administration Agreement (the Administration Agreement²) providing for the processing by the Association of applications for withdrawal of certain of the proceeds of the financing to be provided by the Association and FED and regulating certain other matters of common interest ;

(E) the Borrower intends to enter into appropriate agreements for assistance in the financing of technical assistance related to the roads of the Borrower and for the purpose has requested the Special Fund of the United Nations to provide such assistance ; and

(F) the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the further terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

¹ Came into force on 16 September 1966, upon notification by the Association to the Government of the Somali Republic.

² See p. 123 of this volume.

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,¹ 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) The second sentence of Section 2.02 is amended by deleting the words "at the same rate" and substituting therefor the words "at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum".

(b) 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 territory 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.

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

(c) A new Section 3.04 is inserted immediately 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."

(d) Section 3.04 is renumbered as Section 3.05.

(e) Paragraph 9 of Section 9.01 is amended to read as follows :

"9. The term "Project" means the project for which the Credit is granted as described in the Schedule to the Administration Agreement and as the de-

¹ See p. 120 of this volume.

scription thereof shall be amended from time to time by agreement between the parties to such Agreement."

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement and in the Administration Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to six million two hundred thousand dollars (\$6,200,000).

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 Development Credit Agreement and the Administration Agreement.

Section 2.03. 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 2.04. Service charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.05. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each June 1 and December 1 commencing June 1, 1975 and ending December 1, 2014, each instalment to and including the instalment payable on December 1, 1984 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) 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 Part A 1 of the Project, as described in the Schedule to the Administration 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 exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out or cause the Project to be carried out with due diligence and efficiency and in conformity with sound highway-engineering and financial practices.

(b) Except as the Association shall otherwise agree, the roads included in Part A of the Project shall be constructed by contractors satisfactory to the Borrower and the Association, employed under contracts satisfactory to the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ or cause to be employed engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association.

(d) The general design standards to be used for the roads included in Part A of the Project shall be as determined from time to time by agreement between the Borrower and the Association.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, 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 needed, all funds and other resources which shall be required for the carrying out of the Project and of a program of adequate maintenance of its roads. To this end, the Borrower undertakes to provide an adequate source of funds by appropriate provision in its annual budget and regular transfers to a special account or accounts of appropriate funds, or by other means satisfactory to the Association.

(g) The Borrower shall take such action, satisfactory to the Association, as shall be necessary to enact and enforce adequate legislation to ensure that the weights, dimensions, axle and wheel loads of vehicles using its roads shall be kept within limits substantially in accordance with standards satisfactory to the Borrower and the Association.

(h) 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, or for the maintenance of the roads of the Borrower ; 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 Asso-