

No. 9634

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
SOMALIA**

**Development Credit Agreement—*Road Project (Supplementary)*
(with annexed Credit Regulations No. 1, as amended). Signed
at Washington on 26 June 1968**

Authentic text: English.

Registered by the International Development Association on 17 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
SOMALIE**

**Contrat de crédit de développement — *Projet supplémentaire*
relatif à la construction de routes (avec, en annexe, le Règle-
ment n° 1 sur les crédits de développement, tel qu'il a été
modifié). Signé à Washington le 26 juin 1968**

Texte authentique: anglais.

Enregistré par l'Association internationale pour le développement le 17 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 26, 1968 between THE SOMALI REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Association has provided, under an Agreement with the Borrower dated March 29, 1965² (hereinafter called the First Credit Agreement), a development credit to the Borrower in an aggregate principal amount equivalent to \$6,200,000 to assist the Borrower in financing the construction of a road project;

WHEREAS the European Economic Community through its Commission as Administrator of the European Development Fund (hereinafter called FED) has agreed to assist in such financing and in the financing of the engineering and supervision of construction required therefor and of further programs relating to the roads of the Borrower and to the maintenance thereof and for that purpose has entered into an agreement with the Borrower dated March 29, 1965, providing for a grant in an amount equivalent to \$4,850,000;

WHEREAS the Borrower, FED and the Association have entered into an Administration Agreement dated as of March 29, 1965³ (the Administration Agreement) providing for the processing by the Association of applications for withdrawal of certain of the proceeds of the financing to be provided by FED and by the Association under the First Credit Agreement and regulating certain other matters of common interest;

WHEREAS the estimated cost of such road project is likely to exceed the original estimates;

WHEREAS the Borrower has requested the Association to assist in financing a portion of such increased cost;

¹ Came into force on 25 February 1969, upon notification by the Association to the Government of Somalia.

² United Nations, *Treaty Series*, vol. 586, p. 101.

³ *Ibid.*, p. 123.

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide an additional development credit to the Borrower upon the terms and conditions hereinafter set forth:

NOW THEREFORE, it is hereby agreed as follows:

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

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, as amended February 7, 1967,¹ with the same force and effect as if they were fully set forth herein.

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 two million three hundred thousand dollars (\$2,300,000).

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, subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations, but only after the amount of the development credit under the First Credit Agreement shall have been fully withdrawn by the Borrower.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Credit Account the equivalent of eighty-two per cent (82%) or such other percentage as shall be agreed from time to time between the Borrower and the Association of such amounts as shall have been paid or, if the Association shall so agree, as shall be required to meet payments for the reasonable cost of

¹ See p. 200 of this volume.

construction included in Part A 1 of the Project described in the Schedule to the Administration Agreement, as such description may be amended from time to time by agreement between the Borrower and the Association.

(b) No withdrawals shall be made from the Credit Account (i) on account of expenditures for custom duties or other taxes on the importation of goods required for the Project or (ii) except as the Association shall otherwise agree, on account of expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

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.

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 instalments payable on each June 1 and December 1 commencing June 1, 1978 and ending December 1, 2017, each instalment to and including the instalment payable on December 1, 1987 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.

Section 2.07. The currency of the United States of America is specified for the purposes of Section 3.01 of the Regulations.

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 construction included in Part A1 of the Project described in the Schedule to the Administration Agreement, as such description may be amended from time to time by agreement between the Borrower and the Association.

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. The Borrower shall duly and punctually perform all obligations provided to be performed by it pursuant to the First Credit Agreement, notwithstanding any termination thereof.

Section 4.02. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territory and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territory.

Section 4.03. This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territory on or in connection with the execution, issue, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) of Section 5.02 of this Agreement or in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in paragraph (b) of Section 5.02 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, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. The following are specified as additional events for the purpose of Section 5.02 (k) of the Regulations:

- (a) The right of the Borrower to withdraw any amount of the development credit made available under the First Credit Agreement shall have been suspended or terminated prior to withdrawal of the full amount of such development credit.

- (b) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the Administration Agreement or the First Credit Agreement.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date for the Credit shall be December 31, 1971 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. The Closing Date specified in Section 7.01 of the First Credit Agreement shall be December 31, 1970 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.03. The date of December 31, 1968 is hereby specified for the purposes of Section 8.04 of the Regulations.

Section 6.04. The following addresses are specified for the purposes of Section 7.01 of the Regulations:

For the Borrower:

Minister of Finance
Ministry of Finance
Government of The Somali Republic
Mogadiscio
Somali Republic

Alternative address for cables:

Minfin
Mogadiscio, Somali Republic

For the Association:

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

Alternative address for cable:

Indevas
Washington, D.C.

Section 6.05. The Minister of Finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Somali Republic:

By Y. AZHARI
Authorized Representative

International Development Association:

By J. Burke KNAPP
Vice President

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 617, p. 60.*]