

No. 7764

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**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.*

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**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° I 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 AGREEMENT<sup>1</sup> (*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,<sup>2</sup> 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the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“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account: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.

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

<sup>2</sup> 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

the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in dollars.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* 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 territories and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.05.* This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 4.06.* The Borrower shall cause the roads in its highway system to be maintained at all times in accordance with sound engineering standards. This obligation includes, but is not limited to :

- (a) the employment of such technical personnel as shall be necessary;
- (b) the adequate maintenance and repair of all highway maintenance machinery, including for those purposes the establishment of an appropriate number of suitable field workshops;
- (c) the timely replacement of worn-out or obsolete highway maintenance equipment; and

(d) the taking of all such action as shall be necessary to assure that the dimensions and axle-loads of vehicles using the national highway systems shall be kept within limits substantially in accordance with standards agreed upon

at the United Nations Conference on Roads and Motor Transport held at Geneva, Switzerland in 1949<sup>1</sup> previously adopted by the Borrower.

### *Article V*

#### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified 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 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 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.

### *Article VI*

#### EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations: namely, any action necessary to enable the Borrower to employ the engineering consultants referred to in Section 4.01 (b) of this Agreement shall have been taken, and such consultants shall have been employed.

*Section 6.02.* The following is specified as an additional matter, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association: namely, that all action necessary to enable the Borrower to employ the engineering consultants referred to in Section 4.01 (b) of this Agreement has been taken.

*Section 6.03.* A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

### *Article VII*

#### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1968, or such other date as may from time to time be agreed between the Borrower and the Association.

<sup>1</sup> For the acts adopted by this Conference, see United Nations, *Treaty Series*, Vol. 125, p. 3, and Vol. 182, p. 228.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Department of Highways and Bridges  
Ministry of Communications  
Damascus, Syria

Alternative address for cablegrams and radiograms :

Highways  
Damascus, Syria

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington 25, D.C.  
United States of America

Alternative address for cablegrams and radiograms :

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of Communications 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.

Syrian Arab Republic :

By Walid MAGED  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President



## SCHEDULE

## DESCRIPTION OF PROJECT

The Project consists of :

- A. The improvement of the existing Damascus-Aleppo road (about 350 km) and the Aleppo-Rakka road (about 190 km), which is expected to take about 3 $\frac{1}{2}$  years.
- B. The establishment and implementation, with the assistance of consultants, of a program to reorganize and strengthen the Department of Highways and Bridges with special emphasis on maintenance operations and standards. The program would also include procurement of maintenance equipment and installation of proper repair facilities.
- C. An over-all road survey of Syria and the final survey and design for construction or reconstruction of about 600 km of roads to be selected on the basis of the above survey and of the findings with respect to the relative economic priorities of roads to be included. This work will be undertaken with the assistance of consultants.

## LETTERS RELATED TO THE DEVELOPMENT CREDIT AGREEMENT

EMBASSY OF THE SYRIAN ARAB REPUBLIC  
WASHINGTON, D.C.

December 24, 1963

International Development Association  
1818 H Street, N.W.  
Washington 25, D.C.

Re : *Highway Improvement Project*  
*Local Funds*

Dear Sirs :

During the negotiation of the Credit Agreement (*Highway Improvement Project*) of even date<sup>1</sup> between us, we discussed the means by which Syria's obligations under Section 4.01 (f) to make available all sums required to carry out the Project, would be met.

The Project for which the Association is providing assistance forms part of Syria's highway program. We have explained that we shall have a category in the Annual Budget allocating funds for the Project for which the Association is providing assistance. These funds will be identifiable and will be kept in a separate Special Account. We understand that this procedure is acceptable to you.

We also write to record our agreement on actions to be taken by us with regard to the amount of the annual budgetary allocations for the Project. The annual budgetary

<sup>1</sup> See p. 254 of this volume.

allocations for the Project will be sufficient, together with the funds available under your Credit to us, to finance the costs to be incurred during the relevant period for the expeditious execution of the Project.

Please indicate your agreement to the foregoing by confirming this letter, retaining copies for your records, and returning others to us.

Very truly yours,

Syrian Arab Republic :

By Walid MAGED  
Authorized Representative

*Confirmed :*

International Development Association :

By Alexander STEVENSON

EMBASSY OF THE SYRIAN ARAB REPUBLIC  
WASHINGTON, D.C.

December 24, 1963

International Development Association  
1818 H Street, N.W.  
Washington 25, D.C.

Re : *Highway Improvement Project*  
*Currency of Repayment*

Dear Sirs :

We refer to the Development Credit Agreement (*Highway Improvement Project*) of even date<sup>1</sup> between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United States of America.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) (or other than one designated under this clause (ii)) we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with

<sup>1</sup> See p. 254 of this volume.

such payment date be the currency in which such principal and service charges shall be payable.

- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.
- (v) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.
- (vi) For purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by confirming this letter, retaining copies for your records, and returning others to us.

Very truly yours,

Syrian Arab Republic :

By Walid MAGED  
Authorized Representative

*Confirmed :*

International Development Association :

By Alexander STEVENSON

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER  
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]