

No. 10284

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
SOMALIA**

**Development Credit Agreement—*Detailed Engineering and Accounting Assistance Project* (with annexed Development Credit Regulations No. 1, as amended). Signed at Washington on 3 March 1969**

*Authentic text: English.*

*Registered by the International Development Association on 3 February 1970.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
SOMALIE**

**Contrat de crédit de développement — *Projet d'assistance en matière d'études techniques et de comptabilité* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 3 mars 1969**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 3 février 1970.*

## DEVELOPMENT CREDIT AGREEMENT <sup>1</sup>

AGREEMENT, dated March 3, 1969, between THE SOMALI REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to make available a development credit to assist in financing the detailed engineering of the Mogadiscio/Ras Sif port works and the establishment of commercial accounting procedures for the Somali Ports Authority;

WHEREAS any financing so provided by the Association would be refunded, if the Association so requests, out of the proceeds of any credit by the Association or loan by the International Bank for Reconstruction and Development which may later be granted to the Borrower for the construction of the port works so to be engineered; and

WHEREAS the Association is willing, on the basis of the foregoing, to make a development credit available to the Borrower on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### CREDIT REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961, as amended February 9, 1967 <sup>2</sup> (said Development Credit Regulations No. 1 being hereinafter called the Credit Regulations) with the same force and effect as if they were fully set forth herein.

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<sup>1</sup> Came into force on 6 January 1970, upon notification by the Association to the Government of Somalia.

<sup>2</sup> See p. 262 of this volume.

*Section 1.02.* Unless the context otherwise requires, the term "Consultants", wherever used in this Agreement, shall mean the Consultants retained to carry out the Project described in Schedule 1 pursuant to Section 4.02 hereof.

## *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 set forth or referred to, a development credit in an amount in various currencies equivalent to five hundred and fifty thousand dollars (\$550,000).

*Section 2.02. (a)* 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.

*(b)* 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 Credit Regulations and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 2 hereto, as such allocation may be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) in currencies other than the currency of the Borrower for the reasonable cost of goods to be financed under this Development Credit Agreement.

*Section 2.04.* The currency of the United States of America is hereby specified for the purposes of paragraph (a) of Section 3.02 of the Credit Regulations.

*Section 2.05.* 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 2.06.* Service charges shall be payable semi-annually on June 1 and December 1 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in accordance with the amortization schedule set forth in Schedule 3 to this Development Credit Agreement.

### *Article III*

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement exclusively to expenditures required to carry out the Project described in Schedule 1 hereto.

*Section 3.02.* Any contract for Consultants' services and any modification thereof, as well as any purchase of equipment under any such contract in excess of the amounts therein specified, to be financed out of the proceeds of the Credit, shall be subject to the prior approval of the Association.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01.* The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, financial and administrative practices and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

*Section 4.02. (a)* For the purpose of carrying out the Project, the Borrower shall employ competent and experienced consultants acceptable to the Association, under such terms and conditions, including terms of reference, as shall have been approved by the Association.

*(b)* The Borrower shall cooperate fully with the Consultants in the performance of their services for the Project and shall make available to them all information relevant to the Project.

*(c)* The Borrower shall not amend or waive any of the terms and conditions of employment of the Consultants, or grant any material extension of time or any approval of sub-contracts or modifications thereof or substitution of personnel of the Consultants, or suspend payments under, or terminate,

any contract with the Consultants without the prior agreement of the Association.

*Section 4.03.* (a) The Borrower shall cause the Consultants promptly to furnish to the Association copies of the documents prepared by the Consultants for the Project, including reports and drafts thereof, plans, designs, specifications, construction schedules and estimates of costs, in such number as the Association shall reasonably request.

(b) The Borrower and the Association shall from time to time exchange views with respect to the evaluation and implementation of the recommendations and other conclusions contained in the documents referred to in the foregoing paragraph (a).

(c) The Borrower shall maintain or cause to be maintained records adequate to show the use of the proceeds of the Credit, and to record the progress of the Project (including the cost thereof); shall enable the Association's representatives to inspect the Project and any relevant records and documents, including records and documents to be kept by the Consultants for the Project; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project and the operations and administration, with respect to the Project, of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 4.04.* (a) The Borrower and the Association shall cooperate fully to ensure 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 and the international balance of payments position 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, the maintenance of the service thereof, the Project, and the operations, administration and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(c) 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.

(d) 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 4.06.* 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 thereunder.

*Section 4.07.* This Development Credit 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, delivery or registration thereof.

#### *Article V*

##### REMEDIES

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Credit 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 Credit 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 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 such declaration such principal shall become due and payable immediately, anything in this Development Credit 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 Development Credit Agreement within the meaning of Section 8.01 (b) of the Credit Regulations, namely, that the Consultants referred to in Section 4.02 of this Development Credit Agreement shall have been retained to assist in carrying out all parts of the Project.

*Section 6.02.* The date June 15, 1969 is hereby specified for the purposes of Section 8.04 of the Credit Regulations.

*Article VII*

MISCELLANEOUS

*Section 7.01.* The Closing Date shall be March 31, 1971 or such other date as may from time to time be agreed between the Borrower and the Association.

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

For the Borrower:

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

Alternative address for cables:

Minfin  
Mogadiscio

For the Association:

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

Alternative address for cables:

Indevas  
Washington, D.C.

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

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agree-

ment to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Somali Republic:

BY Y. O. AZHARI  
Authorized Representative

International Development Association:

By Mohamed SHOAIB  
Vice President

### SCHEDULE 1

#### DESCRIPTION OF PROJECT

The Project consists of:

A. The preparation of designs, drawings, specifications, contract documents, cost estimates, and construction schedules for the Mogadiscio/Ras Sif port works, consisting of the construction of a deep-water harbor at Ras Sif generally in accordance with the preliminary engineering study already undertaken and comprising: break-water protection and damping beaches, two berths of 160 meters each, two transit sheds, one back area warehouse, adequate storage areas, office accommodations, road access, and parking areas.

B. (i) The design and installation of accounting, costing, budgeting, and management reporting procedures and of a system of port traffic statistics for the Somali Ports Authority, based on accepted modern practice;

(ii) The valuation of assets to be vested in and liabilities to be assumed by the Somali Ports Authority and the determination of the amount, form, terms, and conditions of the compensation to be paid to the Government of Somalia in consideration thereof;

(iii) The selection and training of the financial staff of the Somali Ports Authority and the establishment of an internal audit department; and

(iv) A review of the schedule of port charges of the Somali Ports Authority when the costs of providing the various port services have been determined pursuant to Part B(i) above.

The Project is expected to be completed by December 31, 1970.

## SCHEDULE 2

## ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
A. Engineering consultants' services for Part A of the Project . . . . .	341,000
B. Accounting consultants' services for Part B of the Project . . . . .	150,000
C. Unallocated . . . . .	59,000
TOTAL	<u>550,000</u>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories A or B shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category C.

2. If the estimate of the cost of the items included in any of the Categories A or B shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit will be allocated by the Association, at the request of the Borrower, to such Category from Category C, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

## SCHEDULE 3

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)</i>
June 1, 1971. . . . .	34,375	June 1, 1975. . . . .	34,375
December 1, 1971 . . . . .	34,375	December 1, 1975 . . . . .	34,375
June 1, 1972. . . . .	34,375	June 1, 1976. . . . .	34,375
December 1, 1972 . . . . .	34,375	December 1, 1976 . . . . .	34,375
June 1, 1973. . . . .	34,375	June 1, 1977. . . . .	34,375
December 1, 1973 . . . . .	34,375	December 1, 1977 . . . . .	34,375
June 1, 1974. . . . .	34,375	June 1, 1978. . . . .	34,375
December 1, 1974 . . . . .	34,375	December 1, 1978 . . . . .	34,375

## INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961  
AS AMENDED 9 FEBRUARY 1967REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS  
WITH MEMBER GOVERNMENTS

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