

No. 12014

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
SOMALIA**

**Development Credit Agreement—*Second Highway Project*
(with General Conditions Applicable to Development
Credit Agreements). Signed at Washington on 30 March
1972**

Authentic text: English.

*Registered by the International Development Association on 26 September
1972.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
SOMALIE**

**Contrat de crédit de développement — *Deuxième projet re-
latif au réseau routier* (avec Conditions générales appli-
cables aux contrats de crédit de développement). Signé à
Washington le 30 mars 1972**

Texte authentique : anglais.

*Enregistré par l'Association internationale de développement le 26 sep-
tembre 1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 30, 1972, between SOMALI DEMOCRATIC REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of a Second Highway Project by extending the Credit as hereinafter provided;

(B) The African Development Bank (hereinafter called ADB) has, by agreement dated December 10, 1971 (hereinafter called the ADB Loan Agreement), agreed to make a loan (hereinafter called the ADB Loan) to the Borrower of an amount not exceeding the equivalent of one million Units of Account (1,000,000 U.A.) (the Unit of Account being defined in Article 5 (1) (b) of the Agreement establishing the African Development Bank), to assist in financing part of the Project on the terms and conditions therein set forth;

(C) The Borrower, ADB and the Association have entered into an agreement of even date herewith² (hereinafter called the Joint Financing Agreement) making arrangements for the processing of applications for withdrawal of the proceeds of the financing to be provided severally by ADB and the Association and regulating certain other matters of common interest in connection with such financing;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,³ with the same force and effect as

¹ Came into force on 11 May 1972, upon notification by the Association to the Government of Somalia.

² United Nations, *Treaty Series*, vol. 858, No. 1-12307.

³ See p. 134 of this volume.

if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) Paragraph 9 of Section 2.01 is amended to read as follows:

“9. The term “Project” means the project or projects or program or programs for which the Credit is granted, as described in the Joint Financing Agreement and as the description thereof shall be amended from time to time by agreement among the parties to such Agreement.”

(b) The second sentence of Section 3.02 is amended to read as follows:

“A service charge at the rate of one-half of one per cent ($1/2$ of 1%) per annum shall be payable on the portion to be paid out of the Credit Account of the principal amount of any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement and outstanding from time to time if, under such special commitment, the Association shall have agreed to pay such principal amount notwithstanding any subsequent suspension or cancellation of the Credit.”

(c) Article V is deleted.

(d) Section 6.01 is amended to read as follows:

“SECTION 6.01. *Cancellation by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 2.07 of the Joint Financing Agreement.”

(e) Section 6.02 is amended by inserting the words “or the ADB Loan Agreement or the Joint Financing Agreement” after the words “the Development Credit Agreement” wherever the latter words appear in Section 6.02, except in Section 6.02 (b), and by deleting Section 6.02 (h) and renumbering Section 6.02 (i) into Section 6.02 (h).

(f) Section 6.04 is deleted.

(g) Section 6.06 is amended by inserting the words “, the Joint Financing Agreement” after the words “the Development Credit Agreement”.

(h) Section 8.01 is amended by inserting the words “and the Joint Financing Agreement” after the words “the Development Credit Agreement” in the first sentence of Section 8.01 and by inserting the words “or

the Joint Financing Agreement” after the words “the Development Credit Agreement” in the second sentence of Section 8.01.

(i) Section 8.02 is amended by inserting the words “or under the Joint Financing Agreement” after the words “the Development Credit Agreement”.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to nine million six hundred thousand dollars (\$9,600,000).

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 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 in accordance with Article II of the Joint Financing Agreement.

(c) Except as shall otherwise be agreed between the Borrower and the Association, no withdrawals from the Credit Account shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be December 31, 1975 or such other date as shall be agreed between the Borrower and the Association.

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 withdrawn from the Credit Account in semi-annual installments payable on each June 1 and December 1 commencing June 1, 1982 and ending December 1, 2021, each installment to and including the installment

payable on December 1, 1991 to be one-half of one per cent ($1\frac{1}{2}$ of 1%) of such principal amount, and each installment 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 hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied to expenditures on the Project in accordance with Article III of the Joint Financing Agreement.

Article IV

JOINT FINANCING AGREEMENT

Section 4.01. The Borrower shall duly perform all its obligations set forth in the Joint Financing Agreement.

Article V

TAXES AND RESTRICTIONS

Section 5.01. 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.

Section 5.02. The Development Credit Agreement and the Joint Financing Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VI

REMEDIES OF THE ASSOCIATION

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.03 of this Agreement shall occur and shall con-

tinue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 6.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) a default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the ADB Loan Agreement or the Joint Financing Agreement;
- (b) the outstanding principal of the loan provided for in the ADB Loan Agreement, or any part thereof, shall have been declared, or become, due and payable in advance of the agreed maturity thereof in accordance with the terms of said Agreement; and
- (c) the right of the Borrower to withdraw the proceeds of the loan provided for in the ADB Loan Agreement shall have been suspended, or the Borrower shall have been unable to withdraw such proceeds, in whole or in part.

Section 6.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) the event specified in Section 6.02 (a) 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;
- (b) the event specified in Section 6.02 (b) of this Agreement shall occur; and
- (c) the event specified in Section 6.02 (c) of this Agreement shall occur and the Borrower shall fail to obtain funds from other sources in substitution therefor, on terms and conditions satisfactory to the Association, within a period of one hundred and twenty days.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) all the conditions precedent to the first disbursement as provided for in the ADB Loan Agreement, except only the effectiveness of this Agreement, shall have been fulfilled in accordance with its terms;

- (b) the execution and delivery of the Joint Financing Agreement on behalf of the parties thereto respectively have been duly authorized or ratified by all necessary governmental or corporate action, and all conditions precedent to the effectiveness of such Agreement or the right to make withdrawals thereunder, except only the effectiveness of this Development Credit Agreement or the right to make withdrawals thereunder or under the ADB Loan Agreement, shall have been fulfilled;
- (c) the Borrower has enacted legislation to assure the allocation for high-way maintenance of six million four hundred thousand Somali shillings (So.Sh 6,400,000) for the fiscal year 1972; and
- (d) the Project Revolving Fund referred to in Section 3.06 of the Joint Financing Agreement has been established.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Joint Financing Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

Section 7.03. The date June 27, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VIII

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 8.01. The Secretary of State for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Government of the Somali Democratic Republic
Mogadiscio, Somalia

Cable address:

Minfin
Mogadiscio

For the Association:

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

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement 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.

Somali Democratic Republic:

By A. A. ADDOU
Authorized Representative

International Development Association:

By M. SHOAB
Vice President

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]