

No. 13013

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**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
SOMALIA  
and  
EUROPEAN ECONOMIC COMMUNITY**

**Administration Agreement—*Mogadiscio Port Project* (with  
schedule). Signed at Washington on 15 March 1973**

*Authentic text: English.*

*Registered by the International Development Association on 31 January  
1974.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT, SOMALIE  
et  
COMMUNAUTÉ ÉCONOMIQUE EUROPÉENNE**

**Contrat de gestion administrative — *Projet relatif au port  
de Mogadiscio* (avec annexe). Signé à Washington le  
15 mars 1973**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 31 jan-  
vier 1974.*

## ADMINISTRATION AGREEMENT<sup>1</sup>

AGREEMENT, dated as of March 15, 1973, between the SOMALI DEMOCRATIC REPUBLIC (hereinafter called Somalia), the EUROPEAN ECONOMIC COMMUNITY represented by its Commission (hereinafter called the Commission) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) by an agreement dated December 22, 1972, between the Commission and Somalia, the Commission has agreed to make available to Somalia a grant in an amount of 86,648,000 Somali shillings (hereinafter called the Commission Grant) for the purpose of assisting Somalia in financing the construction of a port project in Mogadiscio;

(B) by an agreement with Somalia dated March 15, 1973<sup>2</sup>, the Association has agreed to provide a credit to Somalia in an amount equivalent to US\$12,950,000 (hereinafter called the IDA Credit) for the purpose of assisting Somalia in financing the construction of a port project in Mogadiscio; and

(C) the parties hereto deem it to be in their mutual interest that allocation of the proceeds of such financing, withdrawals and use of such proceeds, and certain other matters of common interest be regulated as hereinafter provided;

NOW THEREFORE the parties hereto agree as follows:

### *Article I. DEFINITIONS*

*Section 1.01.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement:

(a) "Commission Agreement" and "Association Agreement" mean, respectively, the agreement between the Commission and Somalia and the agreement between the Association and Somalia referred to respectively in Recital (A) and Recital (B) of the preamble to this Agreement, as such Agreements may be amended from time to time, and "the Agreements" means such Agreements, collectively and "Project Agreement"<sup>3</sup> means the Agreement between the Association and Somali Port Authority.

(b) "Project" means the project described in Schedule 1 to this Agreement, as such description may be amended from time to time by agreement between Somalia, the Commission and the Association.

(c) "Goods" means civil works, equipment, materials, supplies and services which are required for the Project.

(d) "Proceeds" means the proceeds of the financing provided for in the Agreements.

<sup>1</sup> Came into force on 10 September 1973, upon notification by the Association to the Government of Somalia and to the European Economic Community.

<sup>2</sup> See p. 11 of this volume.

<sup>3</sup> See foot-note 1, p. 12 of this volume.

(e) "SPA" means Somali Port Authority, as established by Law No. 70 of November 22, 1970 of the Borrower as such law may be amended from time to time.

## *Article II. ALLOCATION AND WITHDRAWAL OF THE PROCEEDS; PROCUREMENT*

*Section 2.01.* Somalia may withdraw the Proceeds in accordance with the provisions of the Agreements and of this Administration Agreement for expenditures on the Project described in Schedule 1 to this Administration Agreement.

*Section 2.02.* Subject to the provisions of the Agreements, Somalia shall be entitled to withdraw any of the Proceeds for expenditures made, or if the Commission and the Association shall so agree, as shall be required to meet payments to be made, for the reasonable cost of Goods required for the Project and to be financed under the Agreements; provided, however, that, except as the Commission and the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of International Bank for Reconstruction and Development (other than Switzerland) or for Goods produced in, or services supplied from, such countries.

*Section 2.03. (a)* When Somalia shall desire to withdraw any of the Proceeds, Somalia shall deliver to the Commission Resident Controller two identical written applications for the amount to be withdrawn from the Credit and the Commission Grant in such form and containing such statements and agreements as the Commission and the Association shall reasonably request. Such applications, with the necessary documentation shall, except as the Commission and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

*(b)* Somalia shall furnish to the Commission and the Association, evidence of the authority of the person or persons authorized to sign such applications and the authenticated specimen signature of any such person or persons.

*(c)* Somalia shall furnish to the Commission and the Association such documents and other evidence in support of such applications as the Commission and the Association shall reasonably request, whether before or after approval, pursuant to Section 2.05 of this Agreement, of any withdrawal requested in the applications.

*(d)* Such applications and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Commission and the Association that Somalia is entitled to withdraw the amount applied for and that such amount is to be used only for the purposes specified in the Agreements and in this Administration Agreement.

*Section 2.04.* The funds to be withdrawn pursuant to such applications shall be apportioned between the Commission and the Association in the ratio of 50:50, or such other ratio as shall be agreed between the Commission and the Association.

*Section 2.05. (a)* When the Commission Resident Controller shall have approved an application by Somalia for withdrawal from the Commission grant, the Commission shall disburse to Somalia the amount which Somalia shall be

entitled to withdraw from the Commission grant, in accordance with the provisions of the Commission Agreement and this Administration Agreement.

(b) The Commission Resident Controller shall forward to the Association one copy of such withdrawal application for the Association's review and approval. In addition, the Commission Resident Controller shall inform the Association by tested cable of the amount requested for withdrawal, and the amount of such withdrawal to be paid by the Association and the Commission, the designated payee, and shall certify that such a withdrawal application has been prepared in accordance with the Association's requirements.

(c) Upon receipt of such tested cable, the Association shall pay the amount which Somalia shall be entitled to withdraw from the IDA Credit in accordance with the Association Agreement and this Administration Agreement.

(d) If the Association shall determine upon review of the withdrawal request that any disbursements made pursuant to the tested cable are ineligible for financing under the IDA Credit, the Association shall make adjustments in subsequent disbursements.

*Section 2.06.* (a) If any expenditure for Goods for the Project is eligible for financing by the Commission and not by the Association or by the Association and not by the Commission, the Commission or the Association, as the case may be, shall finance such expenditure, and the Commission and the Association shall adjust disbursements under subsequent applications for withdrawal in order to restore the proportion between total disbursements under the Commission Agreement and the Association Agreement to the proportion specified in Section 2.04 of this Administration Agreement.

(b) If any item for which withdrawal is requested or made should be determined to be ineligible for financing under both the Association Agreement and the Commission Agreement, such item shall be financed by Somalia.

*Section 2.07.* Upon Somalia's request and upon such terms as shall be agreed between Somalia, the Commission and the Association, the Commission and the Association may jointly enter into special commitments in writing to pay amounts in respect of the cost of Goods required for the Project.

*Section 2.08.* Except as the Association and the Commission shall otherwise agree, all Goods for carrying out the project shall be procured in accordance with Section 3.04 and Schedule 2 of the Association Agreement and Section 2.02 of the Project Agreement.

### *Article III. USE OF PROCEEDS; THE PROJECT*

*Section 3.01.* Somalia shall apply, or cause the Proceeds to be applied, to expenditures on the Project in accordance with the provisions of the Agreements and of this Administration Agreement.

*Section 3.02.* Somalia shall carry out or cause the Project to be carried out with due diligence and efficiency, and in conformity with sound administrative, financial and engineering practices.

*Article IV. EXCHANGE OF INFORMATION AND CONSULTATION*

*Section 4.01.* The Parties to this Administration Agreement shall cooperate fully to ensure that the purposes thereof will be accomplished. To that end, the Parties shall from time to time exchange views through their representatives with regard to matters relating to the purposes of this Administration Agreement, and each of them shall furnish to any of the others such information as such other shall reasonably request with regard to the operation thereof.

*Section 4.02.* Somalia shall promptly inform the Commission and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of this Administration Agreement and shall afford all reasonable opportunity for accredited representatives of the Commission or of the Association, including any local representative of the Commission, to visit any part of Somalia for purposes related to this Administration Agreement.

*Section 4.03.* (a) It is the intention of the Commission and the Association that there shall be close collaboration between them on matters relating to the execution of the Project and on all other matters of common interest to them in the administration of the Agreements. To that end, they propose, as hereinafter provided, to keep each other currently informed of the progress of the Project and to consult with each other before taking any important action bearing on it. To avoid duplication of effort, the Commission and the Association agree: (i) to rely, to the extent possible, on each other's review of matters of common interest; (ii) to suggest to each other appropriate action in such matters as awards of contracts, forms of contracts, disbursement procedures, supervision of the Project and any other such matters of common interest; and (iii) to the extent practicable, to coordinate their actions in respect of the Project. To the extent that the Commission or the Association shall exercise technical supervision of the carrying out of the Project, such supervision shall be exercised for the benefit of both the Commission and the Association.

(b) Each shall inform the other if any event comes to its knowledge which materially affects the progress of the Project or which threatens substantially to impede it and shall consult with the other concerning any action which it proposes to take in respect thereof.

(c) Each shall promptly inform the other whenever it proposes (i) materially to modify its respective agreement with Somalia or (ii) to suspend or terminate in whole or in part withdrawals of funds under such agreement and shall, in either such case, afford the other all reasonable opportunity, in advance of taking the proposed action, to exchange views with respect thereto.

(d) In the event the Association, under Section 7.01 of the Association Agreement or under Section 6.02 of the General Conditions of the Association applicable to such Agreement<sup>1</sup>, proposes to suspend or terminate the right of Somalia to make withdrawals of funds under the Association Agreement or to declare any indebtedness of Somalia under such Agreement due and payable in advance of the agreed maturity thereof, the Association shall notify the Commission of its proposal and of the reasons therefor, and shall afford the Commission

<sup>1</sup> United Nations, *Treaty Series*, vol. 703, p. 244.

all reasonable opportunity, in advance of taking the proposed action, to exchange views with respect thereto.

(e) Each shall keep the other informed of the progress of the Project, on the basis of the findings of any inspections or studies made by its representatives under Section 4.02 hereof.

*Section 4.04.* To ensure the close cooperation between the parties contemplated by Section 4.01 above, all communications on behalf of Somalia containing or requesting information, or requesting consultation or exchanges of views on the matters referred to in said Section 4.01, shall be addressed by Somalia simultaneously to both the Commission and the Association. Copies of any replies to such communications shall be promptly exchanged between the Commission and the Association.

#### *Article V. EXERCISE OF FUNCTIONS BY THE COMMISSION AND THE ASSOCIATION*

*Section 5.01.* The Commission and the Association shall exercise the same care in the discharge of their functions under this Administration Agreement as they exercise in respect of the administration and management of their own affairs.

#### *Article VI. TERMINATION OF OBLIGATIONS*

*Section 6.01.* All rights and obligations of the Commission and all obligations of the Association and of Somalia toward the Commission under this Agreement shall terminate upon any expiration, cancellation or termination of the Commission Agreement, and the Commission shall thereafter no longer be deemed a party to this Administration Agreement.

*Section 6.02.* All rights and obligations of the Association and all obligations of the Commission and of Somalia toward the Association under this Agreement shall terminate upon any expiration, cancellation or termination of the Association Agreement, and the Association shall thereafter no longer be deemed a part to this Administration Agreement.

#### *Article VII. TAXES*

*Section 7.01.* This Administration Agreement shall be free from any taxes that shall be imposed under the laws of Somalia or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

#### *Article VIII. MISCELLANEOUS PROVISIONS*

*Section 8.01.* Any notice or request required or permitted to be given or made under this Administration Agreement and any agreement contemplated by this Administration Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified

below, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

For Somalia:

The Secretary of State for Finance  
Government of The Somali Democratic Republic  
Mogadiscio, Somalia

Cable address:

Minfin  
Mogadiscio, Somalia

For the Commission:

European Development Fund  
200, rue de la Loi  
Brussels, Belgium

Cable address:

Marcomfed  
Brussels, Belgium

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.

*Section 8.02.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Administration Agreement on behalf of Somalia may be taken or executed by The Secretary of State for Finance of Somalia (who is hereby designated as the representative of Somalia for purposes of this Section) or by any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Administration Agreement may be agreed to on behalf of Somalia by written instrument executed on behalf of Somalia by the representative so designated or any person thereunto authorized in writing by him; provided, that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of Somalia under this Administration Agreement. The Commission and the Association may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Administration Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of Somalia thereunder.

*Section 8.03.* This Administration Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

*Section 8.04.* Except as shall otherwise be agreed by the Parties hereto, this Administration Agreement shall become effective on the earliest date upon which both the Agreements shall be in effect.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Administration 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 Democratic Republic:

By A. A. ADDOU  
Authorized Representative

European Economic Community:

By J. F. DENIAU  
Authorized Representative

International Development Association:

By BERNARD R. BELL  
Regional Vice President, Eastern Africa

## SCHEDULE I

### DESCRIPTION OF THE PROJECT

The Project consists of the modernization of the port of Mogadiscio, where a new sheltered port providing efficient cargo-handling facilities at deep-sea berths will replace existing lighterage operations.

The Project includes the following parts:

- A. Construction of a breakwater about 770 meters in length.
- B. Construction of three berths, two about 160 meters long and one about 140 meters long.
- C. Construction of a dolphin berth for mooring livestock vessels, and a marshalling area(s) for livestock.
- D. Construction of two transit sheds, one warehouse, an access road, paved areas and ancillary buildings.
- E. Acquisition and utilization of port operating equipment.
- F. Provision of technical assistance in the field of port management, accounting and training of port personnel.

The Project is expected to be completed by June 30, 1976.

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