

**No. 16259**

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**UNITED STATES OF AMERICA  
and  
SYRIAN ARAB REPUBLIC**

**Loan Agreement—*Damascus-Dera'a Highway Project* (with  
annex). Signed at Damascus on 22 July 1976**

*Authentic text: English.*

*Registered by the United States of America on 27 January 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE ARABE SYRIENNE**

**Accord de prêt — *Projet de construction d'une grande route  
de Damas à Dera'a* (avec annexe). Signé à Damas le  
22 juillet 1976**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 27 janvier 1978.*

LOAN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA  
AND THE SYRIAN ARAB REPUBLIC (*DAMASCUS-DERA'A HIGHWAY  
PROJECT*)

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*Date:* July 22, 1976

LOAN AGREEMENT dated the 22nd day of July 1976, between the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D."), and the SYRIAN ARAB REPUBLIC ("Borrower").

*Article I. THE LOAN*

Section 1.01. *The Loan.* Upon the terms and conditions stated herein, A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed forty-five million nine hundred thousand United States dollars (\$45,900,000) (the "Loan") to assist the Borrower in carrying out the Damascus-Dera'a Highway Project (the "Project") described in section 1.02. The Loan shall be used to finance foreign exchange costs of goods and services required for the Project. Goods and services authorized to be financed hereunder are hereinafter referred to as "Eligible Items". The aggregate amount of disbursements under the Loan shall constitute the principal of the Loan.

Section 1.02. *The Project.* The Project partially financed hereunder shall consist of engineering services and construction services needed to construct a 104-kilometer, four-lane divided highway from the outskirts of Damascus to the Jordanian border in the vicinity of Dera'a, all as described in Annex I (Project Description) attached hereto and made a part hereof. Such Annex I may be modified by the Parties hereto in writing consistent with the terms of this Agreement.

*Article II. LOAN TERMS*

Section 2.01. *Interest.* The Borrower shall pay to A.I.D. interest, which shall accrue at the rate of two per cent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three per cent (3%) per annum thereafter, on the outstanding balance of principal and on any due and unpaid interest. Interest on the outstanding principal shall accrue from the date of each respective disbursement (as such date is defined in section 7.03) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 2.02. *Repayment.* The Borrower shall repay the principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of principal and interest. The first installment of principal shall be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan.

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<sup>1</sup> Came into force on 22 July 1976 by signature.

Section 2.03. *Application, currency and place of payment.* All payments of principal and interest hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the order of the "Agency for International Development", and shall be deemed made when received by the Office of the Controller, Agency for International Development, Washington, D.C. 20523.

Section 2.04. *Prepayment.* Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the outstanding principal. Any such prepayment shall be applied to the installments of principal in the inverse order of their maturity.

Section 2.05. *Renegotiation of the terms of the Loan.* The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Syria.

### Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.01. *Conditions precedent to initial disbursement.* Prior to the initial disbursement or to the issuance of the initial Letter of Commitment or other authorization of Disbursement under the Loan, the Borrower shall, except as A.I.D. and the Borrower may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) an opinion or opinions of the State Counsel of the Syrian Arab Republic that this Agreement has been duly authorized or ratified by and executed on behalf of the Borrower, that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) a statement of the names of the person or persons holding or acting in the office of the Borrower specified in section 9.02 and a specimen signature of each person specified in such statement; and
- (c) a signed contract with a U.S. engineering firm for services relating to engineering design, preparation of construction plans and construction contract tender documents.

Section 3.02. *Conditions precedent to disbursement for construction services.* Except as A.I.D. and the Borrower may otherwise agree in writing, prior to the first disbursement for construction services, Borrower shall furnish or cause to be furnished to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) a signed contract with a U.S. engineering firm for services relating to supervision of construction;
- (b) a signed contract with a United States construction contractor(s) for construction services required for the Project;
- (c) evidence that the necessary right of way for the highway has been acquired; and
- (d) evidence that roads of sufficient capacities are planned for connection with the northern and southern terminal points of the Project.

Section 3.03. *Terminal date for meeting conditions precedent to initial disbursement.* If all the conditions specified in section 3.01 shall not have been met within one hundred eighty (180) days from the date of this Agreement or such later dates as A.I.D. and the Borrower may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. In the event of a termination hereunder, this Agreement and all obligations of the Parties hereunder shall terminate

upon the giving of such notice of termination; provided, if A.I.D. shall have disbursed any funds in advance of said conditions being met, upon the giving of notice, the Borrower shall immediately repay the principal then outstanding and shall pay any accrued interest.

Section 3.04. *Terminal dates for meeting conditions precedent to disbursement.* If all of the conditions specified in section 3.02 shall not have been met within one year from the date of this Agreement, or by such later date as A.I.D. and the Borrower may agree to in writing, A.I.D. may at its option at any time thereafter cancel the then undisbursed balance of the Loan or terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice of termination the Borrower shall immediately repay any principal then outstanding and pay any accrued interest. This Agreement and all obligations of the Parties hereunder shall terminate either (a) upon receipt of such principal and interest payments in full, or (b) if there is no principal then outstanding nor any interest then accrued, upon the giving of such notice of termination.

Section 3.05. *Notification of meeting conditions precedent to disbursement.* A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in sections 3.01 and 3.02 or any subsections thereof have been met.

#### Article IV. GENERAL COVENANTS AND WARRANTIES

Section 4.01. *Execution of the Project.* (a) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound technical, financial, and management practices.

(b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all substantial modifications thereto mutually approved pursuant to this Agreement.

(c) The Borrower shall provide or cause to be provided qualified and experienced management and staff as may be appropriate for the maintenance and operation of the Project, and by regular appropriation of funds cause the Project to be operated and maintained in such manner as to insure the continuing and successful achievement of the purposes of the Project.

Section 4.02. *Funds and resources to be provided by the Borrower.* The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project including, without limitation, the local cost portion of the engineering and construction services contracts.

Section 4.03. *Taxation.* This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Syria. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Syria, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under section 4.02 of this Agreement with funds other than those provided under the Loan; provided, however, that this section 4.03 shall not apply to taxes levied upon citizens and companies of Syria.

Section 4.04. *Utilization of goods and services.* (a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. and the Borrower may otherwise agree in writing.

(b) Except as A.I.D. and the Borrower may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid

project or activity associated with or financed by any country not included in Code 935 of the A.I.D. *Geographic Code Book* as in effect at the time of such use.

Section 4.05. *Disclosure of material facts and circumstances.* The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

Section 4.06. *Commissions, fees, and other payments.* (a) The Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a Party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis); and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in Syria.

Section 4.07. *Maintenance and audit of records.* The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (c) the basis of the award of contracts and orders to successful bidders; and
- (d) the progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five (5) years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

Section 4.08. *Reports.* The Borrower shall furnish to A.I.D. such information and reports in addition to those required under section 4.05 hereof relating to the Loan and to the Project as A.I.D. may reasonably request.

Section 4.09. *Inspection.* The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Syria for any purpose relating to the Project.

#### Article V. SPECIAL COVENANTS

Section 5.01. Borrower will establish and enforce size and weight restrictions as required in order to protect the Project from damage by over-loaded vehicles.

Section 5.02. Borrower will provide promptly, all required resources to fund such additional foreign exchange as may be required beyond that available under the Loan.

Section 5.03. Borrower will assure, through regularly appropriated funds, that the Project will be maintained.

#### Article VI. PROCUREMENT

Section 6.01. *Source of procurement.* Except as A.I.D. may otherwise agree in writing, the source and origin of goods and services financed hereunder will be in the United States of America.

Section 6.02. *Eligibility date.* Except as A.I.D. may otherwise agree in writing, no goods or services may be financed by A.I.D. hereunder which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 6.03. *Implementation of procurement requirements.* The definitions applicable to the eligibility requirements of section 6.01 will be set forth in detail in Implementation Letters.

Section 6.04. *Plans, specifications and contracts.* Except as A.I.D. may otherwise agree in writing:

(a) The Borrower will furnish to A.I.D. promptly upon preparation, any plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications thereof, whether or not the goods and services to which they relate are financed under the Loan.

(b) All of the plans, specifications, and construction schedules furnished pursuant to subsection (a) above shall be mutually approved by the Parties hereto in writing. All plans, specifications, bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be in terms of United States standards and measurements.

(c) The following contracts financed under the Loan shall be mutually approved by the Parties hereto in writing prior to their execution: (1) contracts for engineering and other professional services; (2) contracts for construction services; (3) contracts for such other services, equipment and materials as set forth in Implementation Letters.

In case of any of the above contracts for services, including construction services, the Parties hereto will also mutually approve in writing the contractor and key contractor personnel. Substantial modifications in any of such contracts and changes in any of such personnel shall also be mutually approved by the parties hereto in writing prior to becoming effective.

(d) In the event consulting firms or construction contractors not financed by A.I.D. are used by the Borrower for the Project, A.I.D. shall be advised before execution of the contracts relating thereto regarding the scope of their services and supervisory personnel assigned to the Project. In the event A.I.D. believes such contracts may interfere with or otherwise affect the work financed hereunder, A.I.D. shall request consultation under section 9.03 hereof.

(e) In exercising its approval function under this section with respect to any documentation, A.I.D. shall approve or disapprove such documentation within thirty (30) days after receipt thereof. In the event A.I.D. shall fail to act within such time, Borrower may request consultation under section 9.03 hereof.

Section 6.05. *Purchasing procedures.* Eligible items will be procured on a fair and, except for consultants' services, on a competitive basis at reasonable prices, and,

except as A.I.D. may otherwise agree in writing, in accordance with procedures therefor set forth in Implementation Letters.

Section 6.06. *Third country nationals on construction contracts.* Personnel performing on-site construction services under construction contracts financed by A.I.D. shall be United States citizens or citizens or permanent residents of Syria; provided, however, that twenty percent (20%) of the personnel performing such services may be other than as described above.

Section 6.07. *Shipping and insurance.* (a) Goods financed under the Loan shall be transported to Syria on flag carriers of any country included in Code 935 of the A.I.D. *Geographic Code Book* as in effect at the time of shipment, provided:

(1) At least fifty percent (50%) of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which may be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for U.S. flag commercial vessels.

(2) Additionally, at least fifty percent (50%) of the gross freight revenue generated by all shipments financed hereunder and transported to Syria on dry cargo liners shall be paid to or for the benefit of privately owned United States flag commercial vessels unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for U.S. flag commercial vessels.

(3) Compliance with the requirements of (1) and (2) above must be achieved with respect to cargo transported from U.S. ports and also to cargo transported from non-U.S. ports, computed separately.

(4) Within ninety (90) days following the end of each calendar quarter, until project completion, or such other period as A.I.D. may indicate in writing, the Borrower shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this section.

(5) No such goods may be transported on any ocean vessel (or aircraft) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(b) If, in connection with the placement of marine insurance on shipments to be financed hereunder, the Borrower, by statute, decree, rule, or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods procured from the United States and financed under the Loan shall, during the continuance of such favoritism, be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(c) The Borrower shall insure, or cause to be insured, all goods financed under the Loan against risk incident to their transit to the point of their use. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have both their source and origin in the United States unless A.I.D. and the Borrower shall otherwise agree in writing and shall be otherwise subject to the provisions of this Agreement.

Section 6.08. *Notification to potential suppliers.* In order that United States firms shall have the opportunity to participate in furnishing Eligible Items, the Borrower shall

furnish to A.I.D. appropriate information with regard thereto at such time as A.I.D. may request in Implementation Letters.

Section 6.09. *Information and marking.* The Borrower will cooperate with A.I.D. in its efforts to disseminate information concerning the Project and shall comply with such reasonable instructions with respect to the marking of Eligible Items as A.I.D. may issue from time to time.

Section 6.10. *U.S. Government-owned excess property.* Funds contributed by A.I.D. hereunder may be used to finance costs of obtaining for the Project reconditioned United States Government-owned excess property which is suitable for the Project and available on a timely basis, and the Borrower agrees to consider such utilization.

#### Article VII. DISBURSEMENTS

Section 7.01. *Disbursements for United States dollar costs — Letters of Commitment to United States banks.* Upon satisfaction by the Borrower of the conditions precedent set forth in article III hereof, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to the Borrower or any designee of the Borrower, through the use of Letters of Credit, or otherwise, for costs of Eligible Items procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

Section 7.02. *Other forms of disbursement.* Disbursements of the Loan may also be made through such other means and by such other procedures, as the Borrower and A.I.D. may agree to in writing.

Section 7.03. *Date of disbursement.* Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to section 7.01, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment. In the event of a disbursement under section 7.02 hereof the date of disbursement shall be designated in the documentation by which the Parties agree to such disbursement; provided, in the absence of such designation, the date of disbursement shall be the date upon which A.I.D. makes payment with respect to goods or services or delivers property into the control of the Borrower or its designee.

Section 7.04. *Terminal date for requests for Letters of Commitment.* Except as A.I.D. and the Borrower may otherwise agree in writing, no Letter of Commitment shall be issued in response to a request received after December 31, 1980.

Section 7.05. *Terminal date for disbursement.* Except as A.I.D. and the Borrower may otherwise agree in writing, no disbursement of Loan funds shall be made against documentation submitted after June 15, 1981. A.I.D. may at any time or times after June 15, 1981, reduce the Loan by all or any part thereof to the extent documentation for payment was not received by such date, in which case liability for payment for any goods and services not paid for will rest with the Borrower.

Section 7.06. *Documentation requirements.* A.I.D. will specify in detail by Implementation Letters the documents required to substantiate disbursements by Letter of Commitment or other method of financing under this Agreement.

#### Article VIII. CANCELLATION AND SUSPENSION

Section 8.01. *Cancellation by the Borrower.* The Borrower may, by written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice,



A.I.D. has not disbursed or committed itself to disburse, or which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

Section 8.02. *Events of default; acceleration.* If any one or more of the following events ("Events of Default") shall occur:

- (a) the Borrower shall have failed to pay when due any interest or installment of principal required under this Agreement;
- (b) the Borrower shall have failed to comply with any other provision of this Agreement; or
- (c) the Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D., or any of its predecessor agencies;

then A.I.D. may request consultation in accordance with section 9.03 and may, at its option, give to the Borrower notice that all or any part of the unrepaid principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days such unrepaid principal and any accrued interest thereon shall be due and payable immediately and the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

Section 8.03. *Suspension of disbursement, transfer of goods to A.I.D.* In the event that at any time:

- (a) an Event of Default has occurred;
- (b) an event or events occur which A.I.D. determines creates an extraordinary situation that makes it improbable either that the purposes of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) any disbursement would be in violation of the legislation governing A.I.D.; or
- (d) the Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan, guaranty or other agreement between the Borrower or any of its agencies and the United States of America or any of its agencies;

then A.I.D. may request consultation in accordance with section 9.03 and may, at its option, (i) decline to issue further Letters of Commitment or other disbursing authorization; (ii) suspend or cancel outstanding Letters of Commitment or other disbursing authorization to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made by other means; (iii) decline to make disbursement other than under Letters of Commitment; and (iv) at A.I.D.'s expense, direct that title to goods financed hereunder shall be transferred to A.I.D., if the goods are in a deliverable state and have not been offloaded in ports of entry of Syria. Any disbursement made under the Loan with respect to such transferred goods shall be deducted from principal in the manner of a prepayment of principal as set forth in section 2.04 hereof. A.I.D. shall give notice to the Borrower promptly after taking any of the actions described in (i) through (iv) above.

Section 8.04. *Cancellation by A.I.D.* Following any suspension of disbursements pursuant to section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

Section 8.05. *Continued effectiveness of Agreement.* Notwithstanding any cancellation, suspension of disbursement or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect as to any funds disbursed under this Loan until the repayment in full of all principal and any accrued interest hereunder.

Section 8.06. *Refunds.* (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third Party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall apply such refund as set forth in subsection (c) below.

(c) As to refunds received by A.I.D. from Borrower or third Parties pursuant to subsections (a) and (b) above, A.I.D. shall first make such refund amount available for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of principal in the inverse order of their maturity and the principal amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

Section 8.07. *Expenses of collection.* All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as may be agreed between the Parties after consultation under section 9.03.

Section 8.08. *Non-waiver of remedies.* No delay in exercising or omission to exercise, any right, power or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers or remedies.

#### Article IX. MISCELLANEOUS

Section 9.01. *Communications.* Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable, or radiogram and shall be deemed to have been duly given, made, or sent to the Party to which it is addressed when it shall be delivered to such Party by hand or by mail, telegram, cable, or radiogram at the following address:

To Borrower:

Mail or cable address  
State Planning Commission  
Damascus, Syrian Arab Republic

To A.I.D.:

Mail or cable address  
United States Agency for International Development  
Embassy of the United States of America  
Damascus, Syrian Arab Republic

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

Section 9.02. *Representatives.* For all purposes relative to this Agreement or any amendments thereto, the Borrower will be represented by the individual holding or acting in the office of Deputy Minister of State for Planning Affairs and A.I.D. will be represented by the individual holding or acting in the office of A.I.D. Mission Director in Syria. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this section, A.I.D. may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

Section 9.03. *Continuing consultation.* The Borrower and A.I.D. shall cooperate fully to assure adequate communication between the Parties and that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, within five days of the delivery of written request of either Party, exchange views through their representatives with regard to the progress of the Project, the performance by either Party of its obligations under this Agreement and other matters relating to the Loan.

Section 9.04. *Implementation Letters.* A.I.D. shall from time to time issue Implementation Letters that will specify the procedures applicable hereunder in connection with the implementation of this Agreement.

Section 9.05. *Instruments of indebtedness.* At such time or times as A.I.D. may request, the Borrower shall provide instruments of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

Section 9.06. *Termination upon full payment.* Upon payment in full of principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under the Agreement shall terminate.

IN WITNESS WHEREOF, the United States of America and the Syrian Arab Republic, each acting through its respective duly authorized representative, have caused two original copies of this Agreement to be signed in the English language and delivered as of the day and year first above written.

United States of America:  
By: [Signed]  
RICHARD W. MURPHY  
Title: Ambassador

Syrian Arab Republic:  
By: [Signed]  
MOHAMMED ISSAM HILOU  
Title: Deputy Minister of State for Planning Affairs

## A N N E X I

### PROJECT DESCRIPTION

1. *Project purpose.* The purpose of the Project is to facilitate the flow of goods and services to and from areas in south central Syria as well as to and from Jordan and points south; to reduce vehicular operating and maintenance costs and transportation charges to shippers using the Project road; and to reduce the Syrian Government's road maintenance costs by reducing highway deterioration caused by overloaded vehicles.

2. *Project activities.* The Project consists of the construction of approximately 104 kilometers of new, limited access four-lane divided highway extending south from Damascus to the

Syrian/Jordanian frontier east of Dera'a. Criteria for the design will be in accordance with Syrian standards.

Specifically, the Project shall include the following elements: (a) acquisition of the necessary right of way; (b) contracting a consultant engineering company to review existing Project highway designs, prepare the documentation necessary for the tendering of the construction work, and advise the Borrower on the adjudication of the construction services contract(s); (c) contracting engineering consultant services to supervise Project highway construction; and (d) contracting construction services to build the Project highway.

The Loan will finance the United States dollar cost of items (b) and (c) above and partial financing of item (d) up to a total amount not exceeding the Loan. Borrower shall finance the local currency cost of items (a) through (d) and any foreign exchange costs for item (d) not financed under the Loan.

3. *Financial plan.* The total estimated Project costs and sources of financing are as follows (all amounts are expressed in thousands of United States dollars):

<i>Item</i>	<i>Borrower</i>		<i>A.I.D.</i>	<i>Total</i>
	<i>L.C.</i>	<i>Forex</i>		
Right of way . . . . .	2,500	—	—	2,500
Consulting services . . . . .	3,300	—	3,400	6,700
Construction . . . . .	24,000	4,900	30,400	59,300
Contingencies . . . . .	600	800	4,800	6,200
Escalation . . . . .	8,800	1,200	7,300	17,300
Sub-total . . . . .	39,200	6,900	45,900	92,000
<b>TOTAL</b>	<b>\$46,100</b>		<b>\$45,900</b>	<b>\$92,000</b>