

No. 27508

---

**UNITED STATES OF AMERICA  
and  
SOMALIA**

**Agreement for the sale of agricultural commodities. Signed at  
Mogadishu on 29 February 1984**

*Authentic text: English.*

*Registered by the United States of America on 15 August 1990.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
SOMALIE**

**Accord relatif à la vente de produits agricoles. Signé à  
Mogadishu le 29 février 1984**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 15 août 1990.*

**AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND THE SOMALI DEMOCRATIC REPUBLIC FOR THE SALE OF AGRICULTURAL COMMODITIES**

The Government of the United States of America and the Government of the Somali Democratic Republic agree to the sale of agricultural commodities specified below. This Agreement shall consist of the preamble and Parts I and III of the Agreement signed March 20, 1978<sup>2</sup> together with the following Part II:

**PART II. PARTICULAR PROVISIONS**

*Item I. COMMODITY TABLE*

<i>Commodity</i>	<i>Supply Period (U.S. Fiscal Year)</i>	<i>Approximate Quantity (Metric Tons)</i>	<i>Maximum Export Market Value (Dols. Millions)</i>
Wheat Flour .....	1984	15,000	3.8
Wheat .....	1984	8,000	1.2
Rice .....	1984	18,000	5.5
Edible Veg. Oil .....	1984	6,300	<u>5.5</u>
TOTAL			16.0

*Item II. PAYMENT TERMS: CONVERTIBLE LOCAL CURRENCY CREDIT  
(CLCC) 40 YEARS*

- A. Initial Payment — Zero (0).
- B. Currency Use Payment — Eight (8) percent for Section 104 (A) purposes.
- C. Number of Installment Payment — Thirty-one (31).
- D. Amount of Each Installment Payment — Approximately equal annual amounts.
- E. Due Date of the First Installment Payment — Ten (10) years after date of last delivery of commodities in each calendar year.
- F. Initial Interest Rate — Two (2) percent.
- G. Continuing Interest Rate — Three (3) percent.

<sup>1</sup> Came into force on 29 February 1984 by signature, in accordance with part III (A).

<sup>2</sup> United Nations, *Treaty Series*, vol. 1149, p. 427.

*Item III. USUAL MARKETING TABLE*

<i>Commodity</i>	<i>Import Period (U.S. Fiscal Year)</i>	<i>Usual Marketing Requirement (Metric Tons)</i>
Wheat/Wheat flour (grain equivalent basis).....	1984	32,100
Rice .....	1984	29,400
Edible Veg. Oil and/or oil bearing seeds (oil equivalent basis) .....	1984	6,800

*Item IV. EXPORT LIMITATIONS**A. Export Limitation Period*

The export limitation period shall be United States Fiscal Year 1984, or any subsequent United States Fiscal Year during which commodities financed under this agreement are being imported or utilized.

*B. Commodities to which Export Limitations Apply*

For the purpose of Part I, Article III A (4) of this Agreement, the commodities which may not be exported are:

For wheat/wheat flour — wheat, wheat flour, rolled wheat, semolina, farina, bulgur or the same products under a different name; for edible vegetable oil — all edible vegetable oils, including sunflower oil, rapeseed oil, and any other edible oil bearing seeds from which edible oils are produced; and for rice — rice in the form of paddy, brown or milled.

*Item V. SELF-HELP MEASURES*

A. The Government of the Somali Democratic Republic agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of the Somali Democratic Republic agrees to undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for their implementation:

1. To develop a more realistic price policy — which entails an upward revision of producer prices, adjustments in the exchange rate, and an improvement of market conditions — to insure that producers receive sufficient compensation and incentive to maximize output. In 1984 the GSDR will establish a proper mechanism to review and adjust agricultural support prices on a continuous basis. The regional monopoly of purchase and/or transport of grain by ADC will be lifted by the GSDR in public announcement. Quarterly meetings between USAID and GSDR representatives will be held to review the process and progress achieved.

2. In addition to the discontinuation of the policy guaranteeing jobs to school leavers in the Government administration and public enterprises, the GSDR will develop a program to increase incentives — focused on retention attraction of qualified personnel — while holding the line in a total wage bill. Specifically, in 1984 the GSDR will conduct a study of civil servant's salaries and wages as well as other

incentives in the public sector and will consider adopting recommendations contained in the study report.

3. In addition to the elimination of the ADC's monopoly over grain purchases and allowing farmers to sell their products in the open market, in 1984 the GSDR will study ADC's role as a mechanism for price stabilization and buyer of last resort. The GSDR will review public enterprises and operate or lease through management contracts those which are economically viable. Manufacturing public enterprises which show no promise of profitability will be considered for sale to the private sector or for dissolution. The GSDR will review the operational efficiency of state farms and consider establishing management contract, joint ventures or sale to the private sector.

*Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED*

A. The commodities provided hereunder, or the proceeds accruing to the Importing Country from the sale of commodities financed under this Agreement, will be used for the following projects/programs which directly benefit the needy people of the Importing Country. The projects are designed in a manner to increase the access of the poor in the recipient country to adequate nutritious and stable food supply.

1. USAID-sponsored activities include: Artificial Insemination; Central Rangelands Development; Poultry Development; Livestock Marketing and Health; Juba Development Analytical Studies; Production Systems; Bay Region Development; Rural Development Management; Energy Advisor Support; CDA-Forestry; Rural Health Delivery; Family Health Initiatives; Expanded Program for Immunization; Family Health Services; Kismayo Port Rehabilitation; Refugee Self Reliance; Comprehensive Groundwater Development; Policy Initiatives and Privatization; Private Sector Advisor Support; Self-Help Trust Fund; USAID Trust Fund; Project Design and Evaluation Trust Fund; English Language Training Program; African Manpower Development; and other activities approved by the CIPL and GSP Committee which directly benefit needy people.

2. The GSDR and USAID will jointly select other development projects from the Public Investment Program to be funded with the proceeds from this Agreement. In the Agricultural Sector the projects selected will be in support of irrigation schemes at Mogambo, Janale-Bulo, Marerta-Qoryole, Afgoi-Mordinle and the Northwest Agricultural Project. In livestock, the local currency generated will support the Tse Tse Fly Survey and Control, and the Northern Rangelands Development.

B. The projects/program identified under Section VI (A) above will directly benefit the needy in the following ways:

1. The continuation of manpower training program in the agriculture/livestock sector will greatly improve the management of rural development activities which impact on the small farmers and the nomadic herders. The majority of the population will benefit directly from the improved technologies, policies and services.

2. The rehabilitation/maintenance of the existing irrigation system will help increase food production on the 50,000 hectares of land currently under controlled irrigation. The bulk of the irrigated land is farmed by small landholders.

3. The maintenance of a realistic price structure will assure an increase in small farmers' income. Improved transportation and the availability of farm inputs will provide the small farmer with the necessary means to fully exploit the productivity of the land.

4. The well construction and maintenance program — related water distribution systems — will provide potable water for rural families. The wells directly contribute to improve the quality of life of the rural population.

5. The housing and related costs of technicians involved in the implementation of USAID funded activities mentioned above will be financed with generated local currency. These technicians are directly involved in activities aimed at improving the lot of the needy population of Somalia.

*C. Report of the use of currency*

In addition to the report required by Part I, Article II (F) of the Agreement, the importing country agrees to report on the progress of implementation of the projects/programs identified in Item VI (A) above. Such report shall be made by the GSDR within six (6) months following the last delivery date of commodities in the first calendar year of the agreements and every six months thereafter until all the commodities provided hereunder, or the proceeds from the sale, have been used for the projects/programs specified in Item VI (A) above.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement. Done at Mogadishu, in duplicate, the twenty-ninth day of February, 1984.

For the Government  
of the United States of America:

[Signed]

By: ROBERT B. OAKLEY

Title: Ambassador

For the Government  
of the Somali Democratic Republic:

[Signed]

By: ABDULLAH AHMED ADDOW

Title: Minister of Finance