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along

the operations of the State Bureau,

the appropriate authorized State Agent,

and

the United States of America

for

Republics of the World

Revised January 7, 1968

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ANNEX A. Description of the Project 4-1

LOAN AGREEMENT

dated the 7th day of January, 1968  
among the GOVERNMENT OF THE SOVIET UNION ("Government"),  
the AUTONOMOUS REPUBLIC OF TATAR ASSOCI ("BORROWER"),  
and the UNITED STATES OF AMERICA acting through the  
Agency for International Development ("A.I.D.")

ARTICLE I

The Project

SECTION 1.01. The Loan. A.I.D. agrees to lend Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed eight million five hundred thousand United States dollars (\$8,500,000) ("loan") to assist Borrower in carrying out the Project referred to in Section 1.04. The loan shall be used exclusively to finance United States and local costs of goods and services required for the Project. The aggregate amount of disbursements under the loan is hereinafter referred to as "Principal".

SECTION 1.02. Additional Funds and Resources. In addition to financing provided by A.I.D. under the loan and otherwise, Government and/or Borrower shall promptly (a) provide not less than ten percent (10%) of the total costs of the goods and services required for the Project and (b) provide all other funds, personnel, equipment, facilities,

resources, and support, including all initial and working capital, and any and other costs, including all contingencies, required for the purchase and effective carrying out and completion of the Project and the starting, operation, maintenance, and repair of the Facilities referred to in Section 1.04.

**SECTION 1.05. Guaranty.**

- (a) Government, as primary obligor of the Borrower, unconditionally and solvently irrevocably guarantees and promises that Government or Borrower shall call and fulfill any and all obligations and liabilities arising on Borrower's part to be performed and fulfilled hereunder at the times and to the same extent provided and that all covenants and representations of Borrower hereunder shall be as binding on Government as if made by Government.
- (b) Government hereby waives prior notice to, demand upon, or action against Borrower and shall remain bound under the foregoing guaranty notwithstanding any extension of time for performance granted to, the waiver of any right against, or any other modification of any obligation of Borrower.

**SECTION 1.06. The Project.** The Project consists of (a) design and construction of wellfield, transmission, storage, treatment, and distribution facilities ("Facilities"), including exploration of

resources, for and (3) management and operating matters with respect to the establishment and operation of a water system for Nagaland. The Project is more fully described in Annex A hereto, which may be modified by written agreement of Government and A.I.B.

### ARTICLE III

#### Loan Terms

SECTION 2.01. Interest. Government shall pay A.I.B. interest, which shall accrue at the rate of one percent (1%) per annum for ten years following the date of the first disbursement hereunder and at the rate of two and one-half percent (2-1/2%) per annum thereafter, on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each disbursement (as such date is defined by Section 2.02) 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.B.

SECTION 2.02. Repayment. Government shall repay the Principal to A.I.B. within forty (40) years from the date of the



ARTICLE 2.05. Repatriation of the Loans of the Loan

Government agrees to repatriate with U.S.D., at such time as there  
is U.S.D. any amount, notwithstanding the payment of the  
dividend in the event that there is any significant improvement  
in the internal and external economic and financial position and  
prospects of the United Republic.

ARTICLE 2.06. Amount to be Repatriated to Government. Government

shall pay to Government an amount equivalent to the dividend (at  
the rate of exchange specified in Article 2.05), in such currency  
as is at the time of payment legal tender in the United Republic,  
within thirty (30) years after the date of the last dividend  
distributed, in substantially equal semi-annual installments, including  
a grace period of not to exceed five (5) years. Government shall  
semi-annually pay interest to Government at the rate of three and  
one-half percent (3 1/2%) per annum, commencing six (6) months  
after the date of the last dividend distributed, on the unpaid  
principal payable to Government and on any interest that is due  
and unpaid; during the grace period interest payments may be added  
to the principal payable to Government.

ARTICLE 5.7. The Government of the United States.

of the obligations assumed by the Government of the United States to the Government of the United States, in any case, and in respect of all matters whatsoever in all of the territories and possessions which shall have been made available to the Government of the U.S.A., shall be regarded as such contracts and subject to such laws as may from time to time be enacted by the U.S.A. and Government.

ARTICLE 5.8. Law of Exchange. Except as to the law otherwise applicable to banking, operations between United States dollars and legal tender in the United States, under any provision of this Agreement, shall be determined at the rate of exchange, and referred to the United States, which provides the greatest value of value of legal tender in the United States and United States dollar at the rate of exchange.

ARTICLE 5.9

Residence Provided in Agreement

ARTICLE 5.10. Residence Provided in Agreement.

shall be the United States or to the persons of the United States of America under the law. Except as to the law, any otherwise applicable to the U.S.A. in form and substance satisfactory to the U.S.A.









- (i) plans, including a chronological schedule, for  
(ii) transition from the existing methods of  
supplying water in Mogadiscio to operation of  
the Facilities by Borrower including the transfer  
or other disposition of the present equipment,  
distribution facilities, and personnel and (iii) the  
capital structure of Borrower.

SECTION 3.03. Condition Precedent to All Disbursements.

Prior to any disbursement or to the issuance of any Letter of  
Commitment under the loan for any purpose, Borrower shall, except  
as A.I.D. may otherwise agree in writing, have furnished to A.I.D.  
in form and substance satisfactory to A.I.D. a signed contract,  
with a contractor acceptable to A.I.D., for the goods or services to  
be financed by such disbursement or Letter of Commitment.

SECTION 3.04. Terminal Dates for Maturity Conditions

Precedent to Disbursement. If all of the conditions specified in  
Section 3.03 shall not have been met within four months from the  
date of this Agreement, or by such later date as A.I.D. may agree  
to in writing, or if all of the conditions specified in Section 3.02  
shall not have been met within three years from the date of this  
Agreement, or by such later date as A.I.D. may agree to in writing,  
A.I.D. may at any time thereafter cancel the then undistributed

balance of the Loan or terminate this Agreement by giving notice to Government and Borrower. Upon the giving of such notice of termination Government 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 of Conditions  
Precedent to Disbursement. A.I.D. shall notify Borrower upon determination by A.I.D. that the conditions precedent to disbursement have been met.

#### ARTICLE IV

##### Covenants and Warranties

SECTION 4.01. Execution of the Project. Borrower shall carry out the Project with due diligence and efficiency in conformity with sound engineering, construction, financial, and administrative practices and with all of the plans, specifications, contracts, schedules, and other arrangements, and all modifications therein, approved by A.I.D. pursuant to this Agreement. Government, the City of Mogalisco, and Borrower shall each (a) cooperate fully

with, and give all reasonable assistance to, all contractors engaged in carrying out the Project and (b) not permit any of their own or their agencies' officers, employees, or agents to hinder the speedy and peaceful execution of the Project in any manner whatsoever.

SECTION 4.02. Continuing Consultation. Government, Borrower, and A.I.D. shall each cooperate fully to assure that the purposes of this Agreement will be accomplished. To this end, Government, Borrower, and A.I.D. shall from time to time, at the request of any party, exchange views with regard to the progress of the Project, the performance by Government and Borrower of their obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged in the Project, and other matters relating to the Project.

SECTION 4.03. Management. Borrower shall provide qualified and experienced management, acceptable to A.I.D., for the Project, and Borrower shall provide qualified and experienced management, and train such staff as may be appropriate, for maintenance and operation of the Facilities.

SECTION 4.04. Operation, Maintenance, and Utilization.

(a) Borrower shall operate, maintain, and repair the Facilities in conformity with sound engineering,

financial, and administrative practices in such manner as to insure the continuing and successful achievement of the purposes of the Project.

- (b) Unless A.I.D. otherwise agrees in writing, in the event of partial or complete destruction of the Facilities, Borrower shall promptly complete such repair and replacement as may be required to completely restore the Facilities to good and workable condition.
- (c) The rates and fees charged by Borrower for supplying water and related services to consumers, including Government, the City of Mogadiscio, and any other governmental entity, shall be:
  - (i) set at, and, as necessary, periodically raised or lowered to, the level required to provide (A) funds for all reasonable operation and maintenance expenses, depreciation, and interest on Borrower's debt and (B) the cash flow required for amortization of debt and the financing of routine extensions and replacements to the Facilities; and

- (ii) based on just and reasonable classifications which do not (A) unjustly discriminate against or subject to unreasonable prejudice or disadvantage any class of consumers nor (B) give unfair preference or advantage to any class of consumers.
- (d) Government and the City of Mogadiscio shall promptly pay all charges and fees due Borrower for water and related services supplied to them or any of their agencies or subdivisions.
- (e) Borrower shall collect all revenues accruing to it in an efficient and businesslike manner so as to keep its accounts on a current basis, and Government and the City of Mogadiscio shall cooperate with and assist Borrower in every way to carry out this obligation. All monies, including capital, accumulations, and surpluses, held and received by Borrower shall be deposited in financial institutions, and invested in ways, not unacceptable to A.I.D.
- (f) Government and Borrower shall obtain A.I.D.'s written concurrence prior to making any material modification in Borrower's enabling act, regulations, by-laws,

or other documents governing Borrower's operations, including its rate-making procedures and its rates and fees. Borrower shall promptly notify A.I.D. of any change in its Chairman, Manager, or Directors.

- (g) Government (i) shall assist Borrower to operate in an efficient and businesslike manner; (ii) shall use its best efforts to avoid the need for and shall give A.I.D. ample prior notice of any proposal for the appointment of a Special Administrator to operate Borrower; and (iii) shall not, without A.I.D.'s prior written consent, liquidate Borrower before the repayment in full of all Principal and any accrued interest hereunder.

SECTION 4.05. Taxation.

- (a) This Agreement, the amount agreed to be lent hereunder, and any evidences 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 any laws in effect within the Somali Republic. No taxes, tariffs, duties, or other levies of any nature whatsoever imposed under any laws in effect in the Somali Republic may be financed hereunder. Government shall (i) exempt all

parties to contracts financed hereunder, to which Borrower is a party, and any property or transactions related to such contracts, from or (ii) pay, or reimburse for any payments of, all such taxes, tariffs, duties, and other levies.

- (b) Except as provided in Sub-section (c), Government shall not subject Borrower to, nor permit any other entity in the Somali Republic to subject Borrower to, any taxes, fees, charges, or other levies of any kind, including any such tax, fee, charge, or other levy for the removal of underground water for Borrower's system, on Borrower's properties or revenues, or on the purchase or use of water supplied to or by Borrower.
- (c) Borrower may, out of any revenues remaining after all funds necessary for reasonable operation and maintenance expenses, depreciation, interest on debt, and the cash flow required for amortization of debt and the financing of routine extensions to and replacements of Borrower's system have been adequately provided for, make a contribution, not to exceed 270,000 Somalos in any year, to the City of Mogadiscio to compensate the City

for all losses and costs to the City arising from Borrower's operation of the water system provided that the City has fully complied with all of its obligations to Borrower, including those set forth in Sections 4.01, 4.04(d) and (e), and 4.11.

SECTION 4.06. 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. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, Borrower may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such use or disposition.
- (b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan may 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 4.07. Disclosure of Material Facts and Circumstances.

Government and Borrower each represent and warrant that all representations that they have made to A.I.D. in the course of obtaining the

Loan are accurate and complete and that they have disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of their obligations under this Agreement. Government and Borrower shall each promptly inform A.I.D. of any facts and circumstances that may hereafter arise which materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the obligations of either of them under this Agreement.

SECTION 4.08. Commissions, Fees, and Other Payments.

- (a) Government and Borrower each warrant and covenant that, in connection with obtaining the Loan or taking any action under or with respect to this Agreement, they have not paid, and will not pay or agree to pay, nor to the best of their knowledge has there been paid or 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 Government's or Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. Government and Borrower shall each promptly

report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which either of them is a party or of which either of them has knowledge (indicating whether such payment has been made or is to be made on a contingent basis). If the amount of any such payment is deemed unreasonable by A.I.D., it shall be adjusted in a manner satisfactory to A.I.D.

- (b) Government and Borrower each covenant that no payments have been or will be received by either of them, or any official of either of them, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in the Somali Republic.

SECTION 4.09. Maintenance and Audit of Records. Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books, records, and other papers relating both to the Project and to this Agreement. Such books, records, and papers shall be adequate to show the following and any other matters specified by A.I.D.:

- (a) the receipt and use made of, the nature and extent of solicitation of prospective suppliers of, and

the basis of the award of contracts and orders for goods and services acquired with funds disbursed pursuant to this Agreement; and

(b) the progress of the Project.

Such books, records, and papers shall be 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 years after the date of the last disbursement hereunder by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever shall first occur.

SECTION 4.10. Reports. Government and Borrower shall each furnish A.I.D. such information and reports relating to the Loan, goods and services financed hereunder, and the Project as A.I.D. may reasonably request.

SECTION 4.11. Inspections. Authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project sites and Facilities, the utilization of all goods and services financed under the Loan, and all books, records, and other documents and papers relating to the Project, the Loan, and this Agreement. Government, the City of Mogadiscio, and Borrower shall each cooperate with A.I.D. to facilitate such inspections and shall

permit authorized representatives of A.I.D. to visit any part of the Somali Republic for any purpose relating to the Loan.

SECTION 4.12. Continuance of Representations and Matters Furnished to Satisfy Conditions Precedent. Unless A.I.D. otherwise agrees in writing, Government and Borrower shall each continue in force and effect for the life of this Agreement, exactly as originally made or furnished, any representation made or opinion or agreement furnished to satisfy a condition precedent under Section 3.01, 3.02, or 3.03 of this Agreement.

SECTION 4.13. Investment Guaranty Project Approval by Government. The construction work to be financed under this Agreement is a project approved by Government pursuant to the agreement between Government and the United States of America on the subject of investment guaranties. No further approval by Government shall be required to permit A.I.D. to issue investment guaranties under that agreement covering a contractor's investment in that project.

#### ARTICLE V

##### Procurement

SECTION 5.01. Source and Origin of Procurement. Except as A.I.D. may otherwise agree in writing, goods and services, including

ocean shipping and marine insurance, financed under the loan shall have their source and origin in:

- (a) the United States of America if disbursements therefor are made pursuant to Section 5.02; or
- (b) the Somali Republic if disbursements therefor are made pursuant to Section 5.02.

**SECTION 5.02. Eligibility Date.** Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the loan which are procured pursuant to orders or contracts finally placed or entered into prior to the date of this Agreement.

**SECTION 5.03. Goods and Services Not Financed Under Loan.** Except as A.I.D. may otherwise agree in writing, goods and services procured for the Project, but not financed under the loan, shall have their source and origin in countries included in Code 999 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

**SECTION 5.04. Implementation of Environmental Requirements.** The definitions applicable to the eligibility requirements of Sections 5.02 and 5.03 shall be set forth in detail in Implementation Letters.

SECTION 3.02 Plans, Specifications, and Instructions, bought  
as A.S.D. any alterations agree in writing:

- (a) Contractor shall furnish to A.S.D., promptly upon preparation, all plans, specifications, and construction schedules, and all the documents and contracts to which Contractor is a party, relating to the Project, and any modifications thereto, whether or not the goods and services to which they relate are to be financed under the loan;
- (b) None of the plans, specifications, or construction schedules, or substantial modifications thereto, furnished pursuant to Sub-section (a) may become effective until it has been approved by A.S.D. in writing;
- (c) In the event, for any substantial modifications thereto, to which Contractor is a party may, if it relates to goods or services to be financed under the loan, be found until it has been approved by A.S.D. in writing. All plans, specifications, and other documents relating to goods or services to be financed under the loan shall be in form of United States standards and measurements; and

(c) No contract, to which Borrower is a party, for engineering, procurement, or other professional services, for construction services, or, to the extent specified by A.I.D., for other services or for goods may be financed under the Loan unless A.I.D. has approved each of the following:

- (i) prior to taking effect, each such contract and contractor thereto and each material modification in any such contract; and
- (ii) prior to beginning performance thereunder, all such personnel as A.I.D. may specify and all changes in such personnel.

SECTION 5.06. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan. Such goods and services shall be procured in accordance with procedures prescribed in Implementation Letters on a fair and, except for professional services, competitive basis.

SECTION 5.07. Employment of Third Country Nationals Under Construction Contracts. The employment of personnel to perform services under construction contracts financed under the Loan shall be subject to requirements with respect to third country nationals prescribed in Implementation Letters.

SECTION 5.08. Shipping and Insurance.

- (a) Goods financed under the Loan shall be transported to the Somali Republic only on flag carriers of countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved in advance by A.I.D.
- (b) At least fifty percent (50%) of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) of all goods financed under the Loan which are transported on ocean vessels shall be transported on privately-owned United States-flag commercial vessels unless A.I.D. determines that such vessels are not available at fair and reasonable rates for United States-flag commercial vessels.

- (c) If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, Government, by statute, decree, rule, or regulation, any insurance company of any country discriminates against any marine insurance company authorized to do business in a state of the United States of America, goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in a state of the United States of America.
- (d) Unless A.I.D. otherwise agrees in writing, Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of their use in the Project. Such insurance shall be consistent with sound commercial practice and cover the full value of the goods and the proceeds thereof shall be payable in the currency in which such goods were paid for. Unless A.I.D. otherwise

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agrees in writing, any indemnification received by Borrower under such insurance shall be used, in accordance with the provisions of this Agreement, to pay for the procurement for the Project of goods (which shall be insured pursuant to this Sub-section) or services of the same source and origin as were the goods for which such indemnification was made.

SECTION 5.09. Notification to Potential Suppliers. In order that United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, Borrower shall furnish to A.I.D., at such times as A.I.D. may specify, such information with regard thereto as A.I.D. may request in Implementation Letters.

SECTION 5.10. United States Government-Owned Property. Borrower shall utilize such United States Government-owned stockpile or excess property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. Borrower shall seek assistance from A.I.D. and A.I.D. will assist Borrower in ascertaining the availability of and in obtaining such stockpile or excess property. A.I.D. will make arrangements for any necessary inspection of such property by Borrower. The costs of inspection and of acquisition, and all charges incident to the

transfer to Borrower of such stockpile or excess property, may be financed under the Loan.

SECTION 5.11. Information and Marking. Borrower shall, as prescribed in Implementation Letters, give publicity to the Loan and the Project as a program of United States aid, identify the Project sites, and mark goods financed under the Loan.

## ARTICLE VI

### Disbursements

SECTION 6.01. Disbursements for United States Costs. Upon satisfaction of applicable conditions precedent, 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 to contractors or suppliers, through letters of credit or otherwise, for United States costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be subject to presentation of such supporting documentation as A.I.D. may prescribe in Implementation Letters.

SECTION 6.02. Disbursements for Local Costs. Upon satisfaction of applicable conditions precedent, Borrower may, from

time to time, request A.I.D. to finance local costs of goods and services, procured for the Project in accordance with the terms and conditions of this Agreement, by submitting to A.I.D. such supporting documentation as A.I.D. may prescribe in Implementation Letters. A.I.D., at its option, may finance such local costs either:

- (a) pursuant to the provisions of the Special Letter of Credit agreement between Government and A.I.D., as it may be amended from time to time, or
- (b) by disbursing Somali currency owned by the United States Government.

SECTION 6.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as Borrower and A.I.D. may agree to in writing.

SECTION 6.04. Banking Charges. Banking charges incurred in connection with Letters of Commitment and letters of credit (including Special Letters of Credit) shall be for the account of Borrower and may be financed under the Loan.

SECTION 6.05. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur on the date on which A.I.D. (a) makes a payment either directly to Borrower or its designee or to a bank pursuant to a Letter of Commitment or (b) opens or amends a Special Letter of Credit.

SECTION 6.06. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment or amendment thereto shall be issued in response to requests received by A.I.D. more than four years after the date of this Agreement and no disbursement shall be made against documentation received more than five years after the date of this Agreement.

## ARTICLE VII

### Cancellation and Suspension

SECTION 7.01. Events of Default, Acceleration. If

- (a) any one or more of the following events ("Events of Default") shall occur:
  - (i) Government shall have failed to pay when due any interest or installment of Principal required under this Agreement;
  - (ii) Government or Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency; or
  - (iii) Government 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 Government or any of its agencies and A.I.D. or any of its predecessor agencies;

then

- (b) A.I.D., at its option, may give Government and 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,
  - (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately, and
  - (ii) the amount of any subsequent disbursements made under then outstanding Letters of Commitment or otherwise shall become due and payable as soon as made.

SECTION 7.02. Suspension of Disbursements. In the event

that

- (a) at any time:
  - (i) an Event of Default has occurred;
  - (ii) an event occurs that A.I.D. determines makes it improbable either that the purposes of the Loan

will be attained or that Government or Borrower will be able to perform its obligations under this Agreement;

- (iii) any disbursement would be in violation of the legislation governing A.I.D.; or
- (iv) Government 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 Government or any of its agencies and the Government of the United States or any of its agencies;

then

- (b) A.I.D., at its option, may:
    - (i) suspend or cancel outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit or through bank payments made other than under irrevocable letters of credit, giving notice to Borrower promptly thereafter;
    - (ii) decline to make disbursements other than under outstanding Letters of Commitment;
    - (iii) decline to issue additional Letters of Commitment;
- and

(iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the Somali Republic, are in a deliverable state, and have not been offloaded in ports of entry of the Somali Republic. 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.

SECTION 7.03. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 7.02, 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., at its option, may, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed, including outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit or bank payments made other than under irrevocable letters of credit.

SECTION 7.04. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension, of disbursements, or

acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

SECTION 7.05. Refunds.

(a) In case any disbursement is not supported by valid documentation or is not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedy provided for under this Agreement, may require Government to pay such amount in United States dollars to A.I.D. within thirty (30) days after receipt of a request therefor. Such amount shall be made available first, in accordance with the provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of such amount shall be applied to the remaining installments of Principal in the inverse order of their maturity. 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 (5) years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from a contractor, supplier, bank, or other third party with respect to goods or services financed under the Loan and such refund relates to an unreasonable price for goods or services, to goods that did not conform with specifications, or to services that were inadequate, A.I.D. shall first make such refund available, in accordance with the provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of such refund shall be applied to the remaining installments of Principal in the inverse order of their maturity.

SECTION 7.06. 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 7.01 may be charged to Government or Borrower as appropriate and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.07. 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 VIII

Miscellaneous

SECTION 8.01. Communications.

(a) Any notice, request, document, or other communication given, made, or sent by Government, however, or A.E.D. pursuant to this Agreement shall be in writing 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 by hand or by mail, telegram, cable, or radiogram to such party at the following address:

To Government:

Mail Address:

Director General  
Ministry of Finance  
Washington, D.C. Republic

Cable Address:

MINFIN  
Washington, D.C. Republic

To A.E.D.:

Mail Address (New York):

Office of Capital  
Development and Finance  
Bureau for Finance  
Agency for International  
Development  
c/o UNICEF  
American Embassy  
Washington, D.C. Republic

Cable Address:

A.E.D.  
Washington, D.C.

To His Excellency

His Excellency ~~Minister of Finance~~  
Ministry of Public Works  
Santiago, Chile Republic

His Excellency ~~Minister of Finance~~  
Santiago, Chile Republic

Other addresses may be substituted for the above upon the giving of notice.

- (a) Except as follows, any communication signed in writing (i) with notices, requests, communications, and documents submitted to A.T.O. Finance shall be in English, and (ii) if the recipient of any such communication or document is in other than English, a copy in the language of the recipient shall also be submitted.

SECTION 6.06. ~~International~~ Government and ~~Ministry of Finance~~ the individual holding or acting in the office of ~~Minister of Finance~~, Ministry of Finance, however hereby designates the individual holding or acting in the office of ~~Minister of Finance~~, ~~Ministry of Finance~~ ~~Republic of Chile~~ Agency, and A.T.O. hereby designates the individual holding or acting in the office of ~~Minister of Finance~~, ~~Ministry of Finance~~ ~~Republic of Chile~~ Agency, as their respective primary representatives hereunder.

6/24/55  
6/24/55  
6/24/55

Each such plenary representative shall have authority to designate by written notice additional plenary representatives of their respective principals and, unless notice is given otherwise, shall have authority to agree to any modification of this Agreement on behalf of their respective principals. Each notice of designation of a plenary representative shall contain the name and specimen signature of each such representative so designated. Until notice is given of revocation of the authority of any of the plenary representatives designated pursuant to this Section, the signature of any such representative or representatives on any instrument may constitute conclusive evidence that any action effected by such instrument is duly authorized by the respective principals of such representative or representatives.

SECTION 8.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable in implementation of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as A.I.D. may request, Government shall issue promissory notes, or other evidences 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 8.05. Applicable Law. This Agreement shall be construed solely in accordance with and any dispute arising under or in connection with this Agreement shall be governed solely by the internal laws of the District of Columbia, United States of America.

SECTION 8.06. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of Government, Borrower, and A.I.D. hereunder shall terminate.

IN WITNESS WHEREOF, the Government of the Somali Republic, the Autonomous Mogadiscio Water Agency, and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first written above:

GOVERNMENT OF THE SOMALI REPUBLIC

By: [Signature]

Title: Minister of Finance

AUTONOMOUS MOGADISCIO WATER AGENCY

By: [Signature]

Title: Chairman of the Agency

UNITED STATES OF AMERICA

By: [Signature]

Title: Vice President

ANNEX A

DESCRIPTION OF THE PROJECT

A. The Facilities to be designed and constructed will include the following components:

1. A groundwater Source of Supply to be developed by a battery of deep wells.
2. Transmission mains to collect the output of the individual wells and convey it from the wellfield to Storage.
3. A Treatment Facility with chlorine feeding and measuring equipment, a diesel generating power source, and related control equipment in a secure, limited-access building. Diesel fuel storage tanks, chlorine cylinder unloading equipment, and storage areas will be located near the building, and the entire Treatment Facility will be enclosed by a protective fence.
4. A Distribution System consisting of area and ward feeder mains, neighborhood networks, public fountains, vendor water points, individual service connections, distribution storage, booster pumps, and related equipment and facilities.

5. Administrative and Operating Facilities including material storage yards, repair and maintenance shops, quality control equipment, garages, and other necessary facilities, vehicles, equipment, and structures.

B. Technical and managerial services, as follows, will also be provided:

1. The Engineering Services necessary to conduct limited feasibility studies within the overall Project to develop final design data, criteria, standards, etc.; locate reserves; design and develop production wells; design all other facilities; prepare construction drawings, specifications, bid documents, and cost estimates; assist in awarding construction and procurement contracts; provide general project management and resident engineering of construction operations; and assist in training operating and maintenance personnel.
2. Management Consultant Services by a team of experienced U.S. water utility management personnel to assist in establishing and initially operating a water supply utility organization for Mogadiscio.

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PD-AAB-843

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

7p.

November 15, 1967

Director General  
Ministry of Finance  
Mogadiscio, Somali Republic

Chairman  
Mogadiscio Water Agency  
Mogadiscio, Somali Republic

SUBJECT: A.I.D. Loan No. 649-H-005  
Mogadiscio Water Supply  
Implementation Letter No. 1

Gentlemen:

This letter, which becomes effective on the date of the execution of the Loan Agreement, sets forth the procedures for utilizing the proceeds of the loan and provides information to facilitate the implementation of the Project in accordance with the Loan Agreement. Nothing in this letter and its attachments alters the scope of the Loan Agreement, or the terms of the specific sections of the Loan Agreement that are referred to or explained in this communication. The letter and its attachments will be supplemented and may be modified by subsequent Implementation Letters to meet special situations that may arise.

This letter will also apply to procedures for securing management services, which will be financed initially from A.I.D. grant funds (Project No. 649-12-520-037), subject, of course, to the availability of funds. It is expected that the financing of the management services will be from the subject Development Loan commencing in June, 1971 through the terminal date for disbursements specified in Section 6.06 of the Loan Agreement.

The design and construction of the water facilities for Mogadiscio will proceed in two phases.

Phase A will include:

- a. The Engineering Services necessary to conduct limited feasibility studies within the overall Project to develop final design data, criteria, standards, etc.; locate reserves; design production wells; design all other facilities; prepare construction drawings; specifications; bid documents; and cost estimates; and assist in awarding construction and procurement contracts.

b. Management Consultant Services by a team of experienced U.S. water utility management personnel to assist in establishing and initially operating a water supply utility organization for Mogadiscio.

c. The development of a groundwater Source of Supply through a battery of deep wells by the Engineering firm selected.

Phase B will include:

a. The construction of Transmission mains to collect the output of the individual wells and convey it from the wellfield to Storage, which is also to be constructed.

b. The construction of a Treatment Facility with chlorine feeding and measuring equipment, a diesel generating power source, and related control equipment in a secure, limited-access building. Diesel fuel storage tanks, chlorine cyclinder unloading equipment, and storage areas will be located near the building, and the entire Treatment Facility will be enclosed by a protective fence.

c. The construction of a Distribution System consisting of area and ward feeder mains, neighborhood networks, public fountains, vender water points, individual service connections, distribution storage, booster pumps, and related equipment and facilities.

d. The construction of Administrative and Operating Facilities including material storage yards, repair and maintenance shops, quality control equipment, garages, and other necessary facilities, vehicles, equipment, and structures.

e. The Engineering Services necessary to provide general project management and resident engineering/supervision of construction operations for Phase B; and assist in training operating and maintenance personnel.

f. Management Consultant Services will continue during Phase B.

This Implementation Letter refers specifically to Phase A. This letter will be supplemented by an Implementation Letter relevant to Phase B at an appropriate future time.

I. Conditions Precedent to Disbursement of Loan Proceeds  
Article III of Loan Agreement

A. After the conditions precedent described in Sections 3.01(a) through 3.01(h) have been met, the Borrower may request A.I.D. to issue a letter of commitment to a U. S. bank for the purpose of financing the cost of engineering services, Phase A.

Section 3.01(a) and (d). We call your attention to the requirement that legal opinions be furnished by both the Borrower and the Government of the Somali Republic. To assist you in furnishing these opinions, Attachment A, Guide for Counsel of Borrower Government, is provided.

Section 3.01(c). We have already received preliminary drafts of the legislation for the establishment of the Mogadiscio Water Agency. If the legislation actually approved by Parliament differs from the last preliminary draft on which our USAID office in Mogadiscio has commented, copies of the legislation as approved by Parliament should be submitted for our comment before promulgation.

Section 3.01(e). AID Capital Projects Guidelines, Borrower Procurement of Goods and Services of United States and Local Source and Origin, Section 2, Attachment B, will assist you in meeting the requirements of 3.01(e) of the Loan Agreement. Note that although engineering and management services will be separately contracted and funded, the requirements to be followed in selecting firms are similar.

Section 3.01(f). Documentation in satisfaction of this Section should describe your arrangements with local banking institutions so that we may co-ordinate our local cost financing in accordance with the Special Letter of Credit procedure. The USAID Mission in Mogadiscio is prepared to discuss these arrangements at your convenience. Once agreement is reached with our Mission in Mogadiscio, we will forward a subsequent Implementation Letter to confirm the agreed procedures for payment of local costs.

B. Attachment B will also assist you in selecting suitable contractors and in preparing an engineering contract meeting the requirements of Section 3.03 of the Loan Agreement. In requesting A.I.D. approval of the proposed contract, please provide an analysis of all proposals received, certified by the engineers representing the Mogadiscio Water Agency. Attachment B, will also assist you in preparing an engineering contract in conformity with Section 3.03 of the Loan Agreement.

C. You should note that the terminal date specified in Section 3.04 for the Section 3.02 Conditions Precedent is four months after the date of the Loan Agreement, and that the terminal date for Section 3.02 is three years after the date of the Loan Agreement.

## II. Project Implementation Schedule

To summarize the steps in implementing the Project and to obtain a current schedule for project completion, a Project Implementation Schedule will be developed during negotiations with engineering and management consultants. As discussed with representatives of your Government, those negotiations are expected to take place in Washington, D.C. during December, 1967.

## III. Procurement Article V of Loan Agreement

A. Source and Origin. The definitions for the eligibility requirements of Sections 5.01 and 5.03 of the Loan Agreement are contained in AID Capital Project Guidelines, Attachment B, Section 6. Eligibility for engineering and management contracts will be limited to "United States firms". AID Geographic Code 935, which is mentioned in various places in the Loan Agreement, is defined in the AID Geographic Code Book available at the US AID Mission in Mogadiscio.

### B. Ocean Shipping Limitations

1. In regard to the provisions of Section 5.08, ocean vessels included in the latest "List of Free World and Polish Flag Vessels Arriving in Cuba since January 1, 1963" and/or the latest "List of Free World or Polish Flag Vessels Arriving in North Vietnam on or after January 25, 1966" are ineligible to carry A.I.D.-financed cargoes from the United States. These lists are published from time to time in the Federal Register of the United States by the Maritime Administration of the Department of Commerce. The US AID Mission in Mogadiscio maintains a current listing of such ineligible vessels which it will furnish upon request. Please take such steps as may be appropriate to make certain that no shipment financed under the Loan is made on an ineligible vessel.

2. While compliance with the A.I.D. requirement that at least 50% of all goods shipped on ocean vessels be shipped on U.S. flag vessels is necessary, you may elect to exceed that minimum. To the extent that U.S. flag vessels are utilized for the shipment of goods, ocean freight is payable from the Loan proceeds. Therefore, all freight charges may be financed under the Loan if they are incurred for shipment on U.S. flag vessels. However, the Loan cannot be utilized for the payment of freight charges for shipments on non-U.S. flag vessels.

C. Publicizing Procurement. Pursuant to Section 5.09 of the Loan Agreement, concerning notification to potential US suppliers of goods and services under the Loan, please refer to Section 2 of Attachment B, AID Capital Project Guidelines, for a description of information AID will require in order to publicize procurement requirements for the project.

D. Information and Marking. In accordance with the provisions of Section 5.11 of the Loan Agreement, arrangement should be made for placing signs at the project site and for marking goods and shipping containers. Attachment C, Marking Requirements, Goods and Shipping Containers, and Attachment D, Signs at Project Sites, will assist you in complying with these requirements.

#### IV. Disbursement Procedures and Documentation Article VI of the Loan Agreement

We propose that the disbursement procedures for U.S. dollar and local costs will be as follows:

##### A. U. S. Costs

1. Letters of Commitment will be issued under the loan for the following purposes:

a. The U.S. dollar costs of engineering services;  
and

b. The U.S. dollar costs of construction, including the costs of equipment and material included in the price of the construction contract.

2. The procedure for requesting issuance of Letters of Commitment, actions to be taken after they are issued, and the documentation required by A.I.D. as a basis for disbursement of loan funds are described in Attachment E, Disbursement of Loan Funds; Letter of Commitment Procedure. Please note that banking charges and interest charges are eligible items for financing under Letters of Commitment. These items should be included as items requested for financing when letters of commitment are requested.

##### B. Local Costs

We propose that the local costs of the project be paid under procedures to be agreed upon between representatives of our respective Governments. As noted with regard to Section 3.01(f) of the Loan Agreement, we are planning that the AID financing of local costs be closely co-ordinated with your Government's payment of similar costs.

V. Records and Reports  
Sections 4.09 and 4.10 of the Loan Agreement

Pursuant to Section 4.10 of the Loan Agreement, please forward three copies of the following reports to the US AID Mission in Mogadiscio.

1. Quarterly Progress Reports. Quarterly progress reports are required during the entire period of design and construction. Guidelines for preparing these reports are contained in Attachment F, Quarterly Progress Reporting Requirements. These reports should conform to calendar quarters, and should be received by A.I.D. within forty-five days of the end of each quarter. The first such report will be due at the end of the quarter in which the engineering contract is executed. Reports will also be required from the management consultants so long as they are engaged under A.I.D. financing.

We would recommend that the Water Agency provide for preparation of reports meeting the requirements of this section in its engineering contract. Such reports could then be forwarded to A.I.D. with Agency comments.

2. Quarterly Borrower's Shipping Statement. This statement is required until all shipping under the Loan has been completed, and should be submitted within forty-five days of the end of each calendar quarter. Attachment G, Borrower's Shipping Statement contains the format for this report. The Summary Statement, Part I, should give the cumulative actual tonnages shipped, beginning with the initial report through the month of the last report, for U.S. and non-U.S. flag vessels, by category of vessel, as applicable.

If the summary indicates a lag in compliance with Section 5.08 of the Loan Agreement, a statement should be included indicating how the deficit in shipping on U.S. flag vessels will be made up. If no shipping occurs during a particular calendar quarter, a statement to that effect must be submitted.

If, however, all A.I.D.-financed imports in connection with the Project are being shipped on U.S. vessels, the submission of the Borrower's Shipping Statement will not be required. Instead, the Borrower may submit a quarterly report showing shipments for the quarter and cumulative tonnage shipped on U.S. vessels in connection with the Project, and containing a statement to the effect that all A.I.D.-financed shipments have been on U.S. vessels. This will be submitted at the same time as the Quarterly Progress Reports are due, and may be included as a separate section of that report.

3. Annual Financial and Operations Report. For the life of the loan, the Agency shall submit an annual financial and operations report on the Agency's operations as a whole, which should be forwarded to A.I.D. within ninety days from the end of the Agency financial year. The report should set forth the financial conditions and the results of operations during the year. The report should also include an appraisal of the condition of equipment included in the Project, and a summary of maintenance activity and cost during the year. The report is to be audited and certified by an auditor acceptable to A.I.D. in accordance with the requirements of Attachment H, A.I.D. Audit Requirements: Audits Performed by Independent Public Accountants. The above requirements will be normally met in published reports of the Audit Board to the Agency's governing board; such reports may be submitted to A.I.D. to meet this requirement.

We will be pleased to discuss with your representatives any aspects of implementation of the Loan, or any matter relating to this letter or the attachments hereto.

Sincerely yours,

*Albert P. Disdier*

Albert P. Disdier  
Acting Director  
Office of Capital Development  
and Finance  
Bureau for Africa

cc: Director General  
Ministry of Public Works  
Mogadiscio, Somali Republic

Attachments:

- A. Guide for Counsel of Borrower Government, 6/64
- B. A.I.D. Capital Projects Guidelines, Borrower Procurement of Good and Services of United States and Local Source and Origin, 10/66.
- C. Marking Requirements, Goods and Shipping Containers, 9/27/62
- D. Signs at Project Sites, 9/30/63
- E. Disbursement of Loan Funds, Letter of Commitment Procedure, 7/65
- F. Quarterly Progress Reporting Requirements, 6/22/62
- G. Borrowers Shipping Statement, 10/15/62
- H. A.I.D. Audit Requirements, Audits Performed by Independent Public Accountants, 9/30/63

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PD-AAB-843

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

July 24, 1968

Director General  
Ministry of Finance  
Mogadiscio, Somali Republic

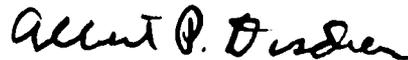
Chairman  
Mogadiscio Water Agency  
Mogadiscio, Somali Republic

Gentlemen:

SUBJECT: A.I.D. Loan No. 649-H-005  
Mogadiscio Water Supply  
Implementation Letter No. 2

Further to Section III Procurement, (B) Ocean Shipping Limitation, of Implementation Letter No. 1, please be advised that if shipments to Somalia are trans-shipped from a U. S. flag vessel to an eligible non-U. S. flag vessel the total cost of such shipment may be counted as using U. S. vessels. Therefore, all freight charges may be financed under the loan if they are incurred for shipment on U. S. flag vessels or trans-shipped from U. S. flag vessels to an eligible non-U.S. flag vessel on a through bill of lading.

Sincerely yours,



Albert P. Disdier  
Acting Director  
Office of Capital Development  
and Finance  
Bureau for Africa

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UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT PD-AAB-843  
EAST AFRICA REGIONAL CAPITAL DEVELOPMENT OFFICE

UNITED STATES POSTAL ADDRESS  
NAIROBI (ID)  
DEPARTMENT OF STATE  
WASHINGTON, D.C. 20521

INTERNATIONAL POSTAL ADDRESS  
POST OFFICE BOX 30261  
NAIROBI, KENYA

*2 p.*

March 19, 1970

Director General  
Ministry of Finance

and

Chairman  
Mogadiscio Water Agency  
Mogadiscio  
Somali Democratic Republic

SUBJECT: A.I.D. Loan No. 649-H-005  
Mogadiscio Water Supply  
Implementation Letter No. 5

Gentlemen:

This letter further explains the First Amendment to the subject Loan Agreement concerning new source and origin requirements.

A. Source of Procurement. Code 941, referred to in various sections of the Loan Amendment, is described in the A.I.D. Geographic Code Book available at the U.S. Embassy in Mogadiscio or from EARCDO in Nairobi. At the present time, Code 941 refers to goods and services having both their source and origin in the United States and any other independent country in the free world excluding: Algeria, Andorra, Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, W. Germany, Greece, Hong Kong, Iceland, Iraq, Ireland, Israel, Italy, Japan, Kuwait, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, S. Rhodesia, San Marino, South Africa, Spain, Sudan, Syria, Sweden, Switzerland, United Arab Republic, United Kingdom, Yemen, and Yugoslavia. For this purpose "free world" excludes any area or country listed under A.I.D. Geographic Codes 156, 180, 181, 431, 432, 435, 438, and 516; i.e., Union of Soviet Socialist Republics, Albania, Bulgaria, Czechoslovakia, E. Germany, Estonia, Hungary, Latvia, Lithuania, Romania, Poland, North Vietnam, North Korea, Mainland China, Outer Mongolia, and Cuba.

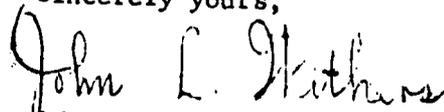
B. Shipping Limitations. In regard to the provisions of Section 5.08 of the Loan, A.I.D. requires that at least 50% of the gross tonnage of all goods financed hereunder shipped on ocean vessels be shipped on

United States flag vessels. Responsibility for this requirement will be placed on the Government of Somali. It is also A.I.D. policy to deny shipment on ineligible vessels (non-free world flag vessels, and vessels which have called at Cuban or North Vietnamese ports). Lists of such ineligible vessels are published from time to time in the U.S. Federal Register by the Maritime Administration and are available for inspection at the U.S. Embassy in Mogadiscio or from EARCDO in Nairobi. Costs of shipping on vessels under the registry of eligible source countries (Code 941) will be dollar financed under the A.I.D. loan. A.I.D./Washington will monitor compliance with the U.S. flag requirements, and refunds will be required for deficits.

C. Third Country Nationals. A Third Country National as referred to in Section 5.07 of the Loan Agreement now means a citizen of a "free world source" country other than Somalia and Code 941 countries.

We will be pleased to discuss with your representatives any aspects of the implementation of the loan.

Sincerely yours,



John L. Withers  
Director, EARCDO





B. Source and Origin: The information for the statistical requirements of Sections 2 (A) and 2 (B) of the Loan Agreement are contained in Section 5 of Attachment 4 and Section 2 of Attachment 5. The information for the other statistical requirements is to be furnished under the same form as referred to "Article Seven (A)", as defined in Section 5 of Attachment 4.

C. Publication Requirements: Pursuant to Section 2 (B) of the Loan Agreement, notwithstanding any provision to the contrary in any agreement or contract entered into hereafter, the Bank, through letters to Sections 5 of Attachment 4 and Sections 2 and 3 of Attachment 5, shall require the Government to submit to publication requirements for the project.

Such reports to be submitted periodically, bi-monthly, quarterly and annually, shall refer to the relevant sections of Attachment 5.

It shall be deemed to be true and correct if such information is supplied in accordance with the form, or any similar document or any copies of the same submitted hereto.

Sincerely yours,

*Albert P. J. ...*

*JP*

Albert P. J. ...  
Director  
Office of Special Development  
and Finance  
Rome, Italy

cc: Director General  
Bureau of Public Works  
Department, Roman Republic

Attachments:

- 1. A. P. J. Special Studies Committee, Economic Development of Agricultural Sector of Rural Areas Source and Origin, 1/69
- 2. A. P. J. Special Studies Committee, Economic Development of Agriculture and Forestry of Rural Areas and Local Source and Origin, 1/69

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
EAST AFRICA REGIONAL CAPITAL DEVELOPMENT OFFICE

6490037  
22-440-013

MAIL ROOM (2)  
RECORDS (2)  
GENERAL INVESTIGATIVE DIVISION (2)  
PROPERTY (2)  
TRAINING (2)  
OFFICE OF THE DIRECTOR (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR ADMINISTRATION (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR PROGRAMS (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR POLICY AND PLANNING (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR PUBLIC AFFAIRS (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR TECHNICAL ASSISTANCE (2)  
OFFICE OF THE ASSISTANT DIRECTOR FOR EVALUATION (2)

INTERNATIONAL DEVELOPMENT  
AGENCY  
WASHINGTON, D.C. 20548  
MAY 25 1978

May 25, 1978

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Director General  
Ministry of Finance  
Kigali, Kigali Province  
Rwanda

Director  
Ministry of Finance  
Kigali, Kigali Province  
Rwanda

Subject:

U.S.A. Loan No. 8048-001  
Kigali Area Study  
Implementation Report No. 2

This letter advises the procedures specified in Implementation Report No. 2:

1. Implementation Procedures and Documentation (Article II of the Loan Agreement)

a. U.S. Funds

1. Funds of Government will be loaned under the loan for the following purposes:

- (a) The U.S. dollar costs of engineering services including construction to be provided under the engineering services contract;
- (b) The U.S. dollar costs of management services;
- (c) The U.S. dollar costs of construction, including the costs of equipment and material included in the prices of the construction items in the construction contract;
- (d) The U.S. dollar costs of equipment and material for service construction;
- (e) The U.S. dollar costs of any additional items which U.S.A. may agree to finance.

4. The procedure for requesting issuance of letters of Commitment, actions to be taken after they are issued, and the documentation required by A.I.D. as basis for disbursement of loan funds are described in Attachment A, Disbursement of Loan Funds: Letter of Commitment Procedure. Please note that banking charges and interest charges are eligible items for financing under letters of Commitment. These charges should be included as items for financing when requesting letters of Commitment.

5. Local Costs

1. Disbursement for local currency costs will be financed on a reimbursement basis as set out in Attachment B, Local Currency Reimbursement Procedure. It is understood that your original payment will be made from a previously arranged A.I.D. advance of \$ 20,000 which will be liquidated towards the end of the project. Your requests for reimbursement may be submitted monthly. Exhibit A of the Attachment will assist you in closely coordinating the payment of your Government's contribution as specified in Section 1.02 of the Loan Agreement.

2. You are requested to submit supporting documents as listed in Attachment B for all contracts which are eligible for A.I.D. local cost financing even though the amount of "Request for Reimbursement" (line 'g' of Exhibit A) for the month is less than the amount shown in the supporting documents. The rationale for submitting full documentation is that it will then be possible for A.I.D., at your request, to later disburse proportionate amounts which may have been withheld from prior requests to meet your Government's contribution (Line 'h' of Exhibit A).

3. Requests for reimbursement should be forwarded to the following address by registered Air Mail:

The Controller  
U.S.A.I.D. Mission to Kenya  
P. O. Box 30261  
Nairobi

II. Financial Plan (Article 1 of the Loan Agreement)

The following Financial Plan will be the basis for A.I.D./U.S. dollar and local cost financing. It is subject to revision by agreement in writing between A.I.D. and WMA.

**Financial Requirements Analysis**  
(in thousands of U.S. dollars)

	<u>Local</u> <u>Currency</u>	<u>Foreign</u> <u>Exchange</u>	<u>Total</u>
1. Parson Contract			
(a) Engineering	\$ 431	\$ 1,350	\$ 1,781
(b) Commodities	-	389	389
2. Aelco Contract	420	4,687	5,107
3. Middle West Contract	50	420	470
4. Administration Building	303	-	303
5. Telephone System	5	16	21
6. Radio System	1	5	6
7. Service Connections	325	425	750
8. Furniture, Equipment, Vehicle	50	100	150
9. Contingencies	14	453	467
	<u>\$1,599</u>	<u>\$ 7,845</u>	<u>\$ 9,444</u>
	*****	*****	*****

Notes:

1a. Contract for U.S. costs \$ 1,100,000. Current estimate \$ 1,350,000. Contract for local costs \$ 425,500. Current estimate \$ 431,000. Local costs eligible for A.I.D. reimbursement.

- 1b. Estimated total costs.
2. Local costs eligible for A.I.D. reimbursement.
3. Estimated requirement for loan financing 6/30/71 - 6/30/73
4. No costs eligible for A.I.D. financing.
5. No costs eligible for A.I.D. financing without prior A.I.D. approval.
6. No costs eligible for A.I.D. financing without prior A.I.D. approval.
7. Estimated breakdown. Local cost not eligible for A.I.D. reimbursement without prior A.I.D. approval.
8. No costs eligible for A.I.D. financing without prior A.I.D. approval.
9. A.I.D. approval required for utilization of U.S. dollar contingency.

**A.I.D. Financing Plan**  
(in thousands of U.S. dollars)

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
<b>Parson Contract</b>			
Engineering	\$ 431	\$ 1,350	\$ 1,781
Commodities		389	389
Amelco Contract	420	4,687	5,107
Middle West Contract	50	420	470
Service Connections		425	425
Contingencies		328	328
	<u>\$ 901</u>	<u>\$ 7,599</u>	<u>\$ 8,500</u>
	=====	=====	=====

**NWA Financial Plan**  
(in thousands of U.S. dollars)

	<u>Local Currency</u>	<u>Foreign Exchange</u>	<u>Total</u>
Administration Building	\$ 303	\$ -	\$ 303
Telephone System	5	16	21
Radio System	1	5	6
Service Connections	325	-	325
Furniture, Equipment, Vehicles	50	100	150
Contingency	39	100	139
	<u>\$ 723</u>	<u>\$ 221</u>	<u>\$ 944</u>
	=====	=====	=====

**III. Records and Reports (Article IV of the Loan Agreement).**

1. A.I.D. will require submission of the following Reports as discussed with representatives of NWA, Parsons Engineering and Middle West Services:

- (a) Monthly Progress Reports from Parsons Engineering;
- (b) Monthly Progress Reports from NWA (prepared in association with your Management Consultants);
- (c) Quarterly Progress Reports from Middle West Services;
- and (d) Quarterly Borrower Shipping Statement.

2. The Parsons Report should be in accordance with Attachment C, Reporting Requirements, and cover the Parsons, Amelco and Administration Building contracts.

3. The NWA Report should include commentary on all aspects of the project (including the Middle West Services contract) and contain an Agency "development program chart" on which actual percentages of completion for each major item can be plotted against that scheduled. Trouble areas should be identified and explained.

4. The Middle West Report should cover all aspects of the Middle West contract.

5. The Quarterly Borrower's Shipping Statement might best be prepared by Farsons and included in their monthly Reports on a quarterly basis. The specific requirements for this Statement are outlined in Implementation Letter No. 1.

6. Please forward three copies of the above reports (with Agency comments as applicable) within 15 days of the end of each reporting period to:

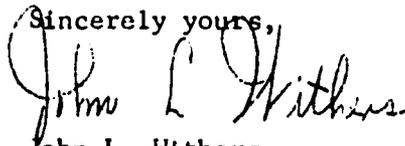
Director  
EARCDO  
P. O. Box 30261  
Nairobi, KENYA

IV. A.I.D. Approvals (Section IV of the Loan Agreement)

Pursuant to Article 4.01 of the Loan Agreement, A.I.D. reserves the right to approve all contract Change Orders or Amendments. In that regard, the NWA is requested to send copies of all Change Orders to the Director of the East African Regional Capital Development Office in Nairobi. If those Change Orders or Amendments are not commented upon within fifteen (15) days, they may be considered approved; except that any Change Order or Amendment in excess of \$ 5,000 must be specifically approved by A.I.D. in writing prior to execution, and once the cumulative total of Change Orders or Amendments exceeds \$ 10,000 all subsequent Change Orders or Amendments must specifically be approved by A.I.D. in writing.

We remain pleased to discuss with your representatives any aspects of the implementation of the loan.

Sincerely yours,



John L. Withers  
Director, EARCDO

*Cole*  
*AFR/DS*  
**6490087 (10)**

**UNITED STATES OF AMERICA**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**EAST AFRICA REGIONAL ECONOMIC DEVELOPMENT SERVICES OFFICE**

**PD. AAB - 843**

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December 28, 1973

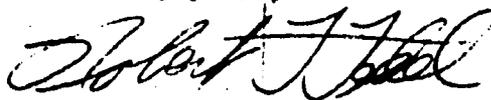
Director-General  
Ministry of Finance  
Mogadiscio, Somali Democratic Republic

General Manager  
Water Development Agency  
P. O. Box 1076  
Mogadiscio, Somali Democratic Republic

Subject: A.I.D. Loan 649-H-005  
Mogadiscio Water Supply  
Implementation Loan No. 10

The Agency for International Development (A.I.D.) hereby extends the terminal date for requests for issuance or amendment on Letters of Commitment pursuant to Section 6.06 of the subject loan agreement to June 30, 1974.

Sincerely yours,



Robert F. Fedel  
Acting Director