

CONFORMED COPY

between

GOVERNMENT OF FINLAND

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 28, 1990

AGREEMENT

AGREEMENT dated as of November 28, 1990, between the GOVERNMENT OF FINLAND (hereinafter referred to as the Government) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter referred to as the Bank) to provide for the administration by the Bank of certain funds to be made available to the Republic of Zambia (hereinafter referred to as Zambia).

WHEREAS (A) the Government intends to make available to eligible developing countries experiencing acute debt problems and which are executing economic adjustment programs approved by the Bank, grants to assist such countries meet their debt obligations and/or import financing needs;

(B) Zambia is executing an economic adjustment program approved

by the Bank;

(C) the Government wishes to make available to Zambia a grant not exceeding ninety-five million Finnish Markkaa (FIM 95,000,000) (hereinafter referred to as the Grant) to assist Zambia in repaying part of its arrears to the Bank, and/or meeting its requirements to finance general imports;

(D) the Government intends to enter into a Grant Agreement (hereinafter called the Grant Agreement) with Zambia which shall provide for the terms and conditions of the Grant; and

(E) the Bank has agreed to administer the Grant upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Administration of the Grant

Section 1.01. (a) For the purpose of this Agreement the Government shall deposit ninety-five million Finnish Markkaa (FIM 95,000,000) in an account with the Federal Reserve Bank of New York (hereinafter referred to as the Trust Account) in the name of the Bank. The funds in the Trust Account shall be freely exchange-able by the Bank with other currencies as may facilitate their administration hereunder.

(b) The amount of the Grant shall be deposited into the Trust Account promptly after the effectiveness of this Agreement.

Section 1.02. The Government hereby appoints the Bank as administrator of the Grant and authorizes the Bank to: (a) hold and disburse the Grant towards repaying part of the arrears owed by Zambia to the Bank, and/or financing general imports; and (b) do any and all such acts and things as may be necessary or appropriate to fully accomplish the foregoing. The Bank shall so apply the proceeds of the Grant only upon receipt of: (i) a communication from the Government informing the Bank that the Grant Agreement has been entered into; and (ii) instructions from Zambia to that effect.

Section 1.03. Notwithstanding the provisions of Section 1.02 above, if Zambia fails to implement the economic reform program approved by the Bank, the Bank shall, after consultation with the Government, reallocate the Grant to other eligible countries successfully implementing economic reform programs.

Section 1.04. The Bank shall exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs and shall have no further responsibilities to the Government in respect thereof.

Section 1.05. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement the Bank may invest and reinvest the funds in the Trust Account pending their withdrawal pursuant to Section 1.02 of this Agreement, and may retain for its own account the income from any such investment or reinvestment.

ARTICLE II

Records, Accounts

Section 2.01. The Bank shall:

(a) maintain separate records and accounts of the proceeds of the Grant withdrawn from the Trust Account;

(b) cause such records and accounts to be audited and certified by the Bank auditors; and

(c) furnish to the Government a copy of the report of such audit.

ARTICLE III

Consultation

Section 3.01. The Government and the Bank shall consult from time to time at the request of each other on all matters arising from this Agreement and other matters of common interest to them in fulfilling the objectives of the Grant.

ARTICLE IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon signature by the parties.

Section 4.02. If at any time it appears to either party that the purposes of this Agreement cannot effectively or appropriately be carried out, the arrangements set forth herein may be terminated at the initiative of such party on thirty days' notice in writing to the other. Upon such termination, unless the Government and the Bank otherwise agree, any funds of the Government held hereunder by the Bank shall be returned to the Government and the Bank's administration shall be considered terminated.

Section 4.03. This Agreement shall terminate when the amount of the Grant has been withdrawn and used by the Bank pursuant to Section 1.02 of this Agreement.

Section 4.04. Promptly after termination of this Agreement, the Bank shall furnish to the Government a final report and a financial statement of the Trust Account.

ARTICLE V

Miscellaneous

Section 5.01. This Agreement may be amended only by written agreement of the parties hereto.

Section 5.02. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or mail, telephone, cable, telex or rapifax to the party to which it is required or permitted to be given or made at such

party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Government:

Ministry of Foreign Affairs
The Finnish International Development
Agency (FINNIDA)
Mannerheimintie 15 C
00260 Helsinki
Finland

Telex:

124636 UMIN SF

Telefax:

358-0-440857

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable Address:

Telex:

INDEVAS
Washington, D.C.

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the undersigned duly authorized thereto, have signed this Agreement in duplicate, one copy for the Government and the other for the Bank.

GOVERNMENT OF FINLAND

By /s/ Jukka Valtasaari
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By /s/ Stephen Denning
Acting Regional Vice President
Africa

