

CONFORMED COPY

FINLAND GRANT RELATED TO CREDIT NUMBER 2214 ZA

(Economic Recovery Credit)

between

THE REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of Grant Funds
Provided by the
REPUBLIC OF FINLAND

Dated February 26, 1992

FINLAND GRANT RELATED TO CREDIT NUMBER 2214 ZA

FINLAND GRANT AGREEMENT

AGREEMENT, dated February 26, 1992, between THE REPUBLIC OF ZAMBIA (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION, as Administrator (the Administrator) of Grant Funds Provided by REPUBLIC OF FINLAND (Finland).

WHEREAS: (A) the Recipient has requested the assistance of the International Development Association (the Association) and Finland in the financing of the Economic Recovery Credit (the Project) referred to in the Preamble to the Development Credit Agreement Number 2214-ZA, dated March 13, 1991, between the Recipient and the Association (the Development Credit Agreement);

(B) the Association has granted a Credit for this purpose on the terms and conditions set forth in the Development Credit Agreement;

(C) Finland wishes to make available to the Recipient a grant in an amount up to Finnish Markkaa 9,479,000 (the Finland Grant) to assist the Recipient in carrying out the Project on the terms and conditions hereinafter set forth;

(D) pursuant to an agreement, dated November 25, 1991, between Finland and the Association, Finland has requested the Association, and the Association has agreed, to administer the Finland Grant in accordance with the provisions of such agreement; and

(E) the Recipient acknowledges that the financial assistance extended to the Recipient under an agreement (the Finland Grant Agreement) shall be considered as part of the bilateral development aid extended by Finland to the Recipient;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements", dated January 1, 1985 (the General Conditions), constitute an integral part of this Agreement, subject, however, to the following modifications thereof:

(a) the term "Association", wherever used in the General Conditions, means the International Development Association, acting as Administrator of the Finland Grant, pursuant to the arrangements between Finland and the Association referred to in the Preamble to this Agreement, except in the phrase "member of the Association" in Section 2.01 (5) and Section 6.02 (e);

(b) the term "Development Credit Agreement", wherever used in the General Conditions, means this Agreement;

(c) the term "Credit", wherever used in the General Conditions, means the Finland Grant extended to the Recipient under this Agreement;

(d) the term "Credit Account", wherever used in the General Conditions, shall be amended to read "Finland Grant Account";

(e) Section 2.01 shall be modified to read:

"Section 2.01. 'Project' means the goods that may be financed out of the proceeds of the Finland Grant as provided in Section 2.02 (a) of the Finland Grant Agreement."

(f) Section 4.01 shall be modified to read:

"Section 4.01. Withdrawals from the Finland Grant Account shall be made in Finnish Markkaa; provided, however, that, if the expenditures to be financed out of the proceeds of the Finland Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient and at the time of a withdrawal from the Finland Grant Account, purchase such currency with the proceeds of such withdrawal."

(g) in Section 6.02, the term "Association" shall also include the International Development Association acting in its own capacity;

(h) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Administrator, the Recipient shall prepare and furnish to the Administrator a report of such scope and in such detail, as the Administrator shall reasonably request, on the execution of the Project referred to in the Preamble to the Finland Grant Agreement, the performance by the Recipient and the Administrator of their respective obliga-

tions under the Finland Grant Agreement, and the accomplishment of the purposes of the Finland Grant.";

(i) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 6.02 (a), 6.02 (c), 6.05, 7.01, 8.01 (a), 12.02 and 12.05 are deleted; and

(j) the term "Borrower", wherever used in the General Conditions, means the Recipient.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, the Preamble to this Agreement and the Development Credit Agreement have the respective meanings therein set forth.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions set forth or referred to herein, a grant in an amount of up to nine million four hundred seventy nine thousand Finnish Markkaa (FM 9,479,000).

Section 2.02. (a) The amount of the Finland Grant may be withdrawn from the Finland Grant Account in accordance with the provisions of Schedule 1 to the Development Credit Agreement. The Finland Grant shall be used to finance goods imported by the Recipient and to reimburse the Recipient for goods already imported into Zambia.

Section 2.03. (a) Except as the Administrator shall otherwise agree, contracts for goods to be financed out of the proceeds of the Finland Grant shall be procured in accordance with the provisions of Schedule 2 to the Development Credit Agreement.

(b) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in paragraph (a) above, no expenditures for any such item shall be financed out of the proceeds of the Finland Grant, and the Administrator may, by notice to the Recipient, without in any way restricting or limiting any other right, power or remedy of the Administrator under this Agreement, cancel such amount of the Finland Grant as, in the Administrator's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Finland Grant.

Section 2.04. The Closing Date shall be December 31, 1993, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. Except as otherwise expressly provided herein, Articles III and IV of the Development Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein. All references to the Association in said Articles are deemed to be references to the Administrator of the Finland Grant under this Agreement; all references to the Credit and the Credit Account are deemed to be references to the Finland Grant and the Finland Grant Account, respectively, and all references to the Borrower are deemed to be references to the Recipient.

ARTICLE IV

Representation; Transfer of Rights and Obligations

Section 4.01. The Minister of Finance of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance
P.O. Box 50062
Lusaka
Zambia

Cable address:

MINFIN

Telex:

42221

Telefax:

222440

For the Administrator:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

Section 4.03. In accordance with the agreement referred to in the Preamble to this Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Finland. The Recipient accepts and agrees that, upon notice to that effect by the Administrator to the Recipient, Finland shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if Finland had been an original party to this Agreement, without any further action or formality required on the part of any party, and, from such date, the Administrator shall cease to have any rights or obligations as a party under this Agreement.

ARTICLE V

Effectiveness; Termination

Section 5.01. This Agreement shall come into effect on the date on which it is signed, and it shall continue in effect until the Finland Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

THE REPUBLIC OF ZAMBIA

By /s/ L. Kapambwe
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of Grant Funds
Provided by the
REPUBLIC OF FINLAND

By /s/ Edward V. K. Jaycox
Regional Vice President
Africa

