

AGREEMENT RELATED TO CREDIT NUMBER 2088 UG

AGREEMENT

for

the Administration of Certain Funds
to be made available by the

DANISH INTERNATIONAL DEVELOPMENT AGENCY

in Conjunction with the Veterans Assistance
Component of the Project for the Alleviation of
Poverty and the Social Costs of Adjustment

in the

THE REPUBLIC OF UGANDA

Dated December 17, 1992

AGREEMENT RELATED TO CREDIT NUMBER 2088 UG

AGREEMENT

AGREEMENT, dated December 17, 1992, between the DANISH INTERNATIONAL DEVELOPMENT AGENCY (hereinafter referred to as DANIDA) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as the Association) to provide for the administration, by the Association, of certain funds to be made available by DANIDA to the Republic of Uganda (hereinafter referred to as Uganda).

WHEREAS, DANIDA wishes to make available to Uganda a grant in an aggregate amount of eighteen million Danish Kroner (Kr 18,000,000) (hereinafter referred to as the Grant) to assist Uganda in the financing of the Veterans Assistance Component of the Project for the Alleviation of Poverty and the Social Costs of Adjustment (hereinafter referred to as the Project);

WHEREAS, DANIDA has requested and the Association has agreed, to administer the Grant in conjunction with the Credit made by the Association to Uganda under the Development Credit Agreement entered into between Uganda and the Association on February 8, 1990 (hereinafter referred to as the Development Credit Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Association, as administrator on behalf of DANIDA, shall enter into such agreements with Uganda as it may deem appropriate but consistent with the terms and conditions of the Development Credit Agreement

(excluding the debt service provisions thereof) for the purpose of assisting in the financing of Part F of the Project. Such agreements with Uganda shall, inter alia, provide that the proceeds of the Grant withdrawn by Uganda need not be repaid and shall bear no interest or other charges.

Section 1.02. The Association, as administrator on behalf of DANIDA, shall have the sole responsibility for the supervision of the Project and shall keep DANIDA informed of the progress of the Project. Before sending missions to review the progress of the Project, the Association shall inform DANIDA on the timing of such missions so as to enable DANIDA to participate and to exchange views on the results of such missions.

Section 1.03. The administration and enforcement of any provisions of any agreement entered into between Uganda and the Association for the purposes of this Agreement shall be handled solely by the Association, and the Association specifically reserves the right, at its discretion and without notice to DANIDA, to exercise, refrain from exercising or waive any rights under such agreement or to modify any provision thereof, provided however, that before suspending the right of Uganda to make withdrawals it shall inform DANIDA and afford DANIDA a reasonable opportunity for consultation with the Association.

Section 1.04. The Association 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.

ARTICLE II

Section 2.01. For the purpose of this Agreement, DANIDA shall deposit the Grant, in an amount of eighteen million Danish Kroner (Kr 18,000,000) in the Association's T-account in Denmark's National Bank (hereinafter referred to as the Trust Account).

Section 2.02. The Association shall withdraw from the Trust Account such amounts as, from time to time, shall be needed to meet the reasonable cost of services financed or to be financed pursuant to Section 1.01 of this Agreement, such withdrawals to be effected through the normal disbursement procedures of the Association.

Section 2.03. In order to assist in defrayment of the costs of administration and other expenses incurred by the Association under this Agreement, DANIDA shall pay the Association an administrative fee of 2% of the Danida Grant amounting to three hundred and sixty thousand Kroner (Kr 360,000).

ARTICLE III

Section 3.01. The Association shall:

(a) be allowed to commingle the funds received from DANIDA with other trust fund assets or to invest and reinvest the funds in the Trust Account pending its withdrawal pursuant to Section 2.02 of this Agreement, but shall maintain separate records and ledger accounts in respect of the funds disbursed by the Association pursuant to the provisions of this Agreement;

(b) return the balance in the Trust Account relating to the grant contribution from DANIDA upon Project completion;

(c) cause such accounts and records to be audited and certified by the Association's external auditors at the completion of disbursement of the funds received from DANIDA; and

(d) furnish the report of such audit by said auditors to DANIDA immediately after the completion of the Project. The costs of such audit shall be paid out of the Grant.

ARTICLE IV

Section 4.01. DANIDA and the Association shall consult, from time to times at the request of either party, on all matters arising out of this Agreement and on other matters of common interest to them in the administration of the Trust Account or the carrying out of the Project.

ARTICLE V

Section 5.01. This Agreement shall become effective as of the date first above written and, subject to the provisions of this Article, shall continue in effect until the entire proceeds of the Grant have been withdrawn.

Section 5.02. If at any time it appears to either party that the purposes of this Agreement cannot effectively or appropriately be carried out, this Agreement may be terminated at the initiative of such party on ninety days (90 days) notice in writing to the other party.

Section 5.03. Upon termination of this Agreement, unless the parties agree on another course of action and except for the retained by the Association in accordance with the provisions of Section 2.03 hereof, any funds, including any accrued interest on such funds or other property of DANIDA held hereunder by the Association shall be returned to DANIDA, and the Association's administration shall be considered terminated.

Section 5.04. Promptly after termination of the Agreement, the Association shall furnish to DANIDA a final report and a financial statement of the Trust Account, together with an opinion of the Association's external auditors on such statement.

ARTICLE VI

Section 6.01. This Agreement may be amended only by written agreement of the parties hereto.

Section 6.02. 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 by mail, telegram, cable, telex or facsimile 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 addresses as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For DANIDA:

DANIDA
Asiatisk Plads 2,
1448 Kobenhavn K

Denmark

Cable address: Telex:
 ETRANGERES 31292
 Kobenhavn

For the Association:

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

Cable address: Telex:
 INDEVAS 197688 (TRT)
 Washington, D.C. 248423 (RCA,)
 64145 (WUI) or
 82987 (FTCC)

IN WITNESS WHEREOF, the undersigned duly authorized thereto have signed this Agreement.

DANISH INTERNATIONAL DEVELOPMENT AGENCY

By /s/ Tom Nanning
 Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Koji Kashiwaya Vice President
Cofinancing and Financial Advisory Services

