

CONFORMED COPY

NORWEGIAN GRANT RELATED TO CREDIT NUMBER 2214-ZA

(Economic Recovery Credit)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf of the
GOVERNMENT OF THE KINGDOM OF NORWAY

Dated January 13, 1992

NORWEGIAN GRANT RELATED TO CREDIT NUMBER 2214-ZA

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated January 13, 1992, between REPUBLIC OF ZAMBIA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as Administrator (the Administrator) of a Grant provided by the Norwegian Agency for Development Cooperation representing the Kingdom of Norway (Norway).

WHEREAS, the Recipient has requested the assistance of the International Development Association (the Association) and of Norway in the financing of an Economic Recovery Credit (the Project) described in the Preamble to the Development Credit Agreement dated March 13, 1991, between the Recipient and the Association (IDA Credit Agreement).

WHEREAS in consideration of the above-mentioned request, Norway shall, subject to Parliamentary appropriations, open a trust account and deposit therein an amount not exceeding one million two hundred thousand dollars (\$1,200,000) (the Norwegian Grant) and has, pursuant to an agreement dated November 7, 1991, between Norway and the Association, (the Administration Agreement), appointed the Association as Administrator of the said Trust Account for the purpose of providing assistance to the Recipient;

WHEREAS, the Recipient acknowledges that the financial assistance extended to the Recipient under this Agreement shall be considered as part of the bilateral development aid extended by

Norway to the Recipient; and

WHEREAS, the Association, as Administrator as hereinbefore mentioned has agreed on the basis, inter alia, of the foregoing to extend the Norwegian Grant to the Recipient upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof:

(a) the term "Association", whenever used in the General Conditions, means the International Development Association acting as Administrator of the Norwegian Grant pursuant to the provisions of the Administration Agreement;

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

(c) the term "Credit", whenever used in the General Conditions, means the Norwegian Grant hereunder;

(d) the term "Credit Account", whenever used in the General Conditions or in this Agreement means the Account opened by the Association in its books in the name of the Recipient to which the amount of the Norwegian Grant is credited;

(e) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a) and 12.05 of the General Conditions are deleted;

(f) in Sections 6.02 and 7.01 of the General Conditions, the term "Association" shall include also the Association acting in its own capacity; and

(g) 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, the performance by the Recipient and the Administrator of their respective obligations under the Norwegian Grant Agreement and the accomplishment of the purposes of the Norwegian Grant."

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, a grant in an amount of one million two hundred thousand dollars (\$1,200,000).

Section 2.02. (a) The amount of the Norwegian Grant may be withdrawn from the Norwegian Grant Account for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project.

(b) Withdrawals from the Norwegian Grant Account shall be made in the respective currencies in which the expenditures to be

financed out of the proceeds of the Norwegian Grant have been paid or are payable or, at the option of the Association, in Norwegian Kroner.

Section 2.03. Except as the Administrator shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the Norwegian Grant shall be procured in accordance with the provisions of Schedule 3 to the IDA Credit Agreement.

Section 2.04. The Closing Date shall be January 1, 1994, 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 the Administrator shall otherwise agree, Articles III and IV of the IDA Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in such Articles III and IV to the "Association" shall be deemed to be references to the Association, as Administrator on behalf of the Government of the Kingdom of Norway under this Agreement, all references to the "Development Credit Agreement" shall be deemed to be references to this Development Grant Agreement and all references to the "Credit" shall be deemed to be references to the Norwegian Grant.

ARTICLE IV

Effectiveness; Termination; Representation

Section 4.01. This Agreement shall become effective upon signature.

Section 4.02. This Agreement and all obligations of the Recipient and the Administrator hereunder shall terminate on the date on which the IDA Credit Agreement or the Grant Agreement shall terminate in accordance with its terms, whichever is the first.

Section 4.03. The representative designated in Section 6.01 of the IDA Credit Agreement shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.04. The addresses specified in Section 6.02 of the IDA Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 4.05. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the IDA Credit Agreement.

ARTICLE V

Transfer of Rights and Obligations

Section 5.01. In accordance with the Administration Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Norway. The Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that effect, Norway 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 Norway 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.

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.

REPUBLIC OF ZAMBIA

By /s/ Paul Lusaka
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION,
as ADMINISTRATOR on behalf of the
GOVERNMENT OF THE KINGDOM OF NORWAY

By /s/ F. J. Aguirre-Sacasa
Acting Regional Vice President
Africa

