

CONFORMED COPY

NORWEGIAN GRANT RELATED TO CREDIT NUMBER 2273-ZA

Development Grant Agreement

(Social Recovery Project)

between

REPUBLIC OF ZAMBIA

and

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

Dated October 8, 1991

NORWEGIAN GRANT RELATED TO CREDIT NUMBER 2273 ZA

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated October 8, 1991, 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 a Social Recovery Project (the Project) described in the Preamble to the Development Credit Agreement dated July 24, 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 fifteen million Norwegian Kroner

(NOK 15,000,000) (the Norwegian Grant) and has, pursuant to an agreement dated July 1, 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."

Section 1.02. Whenever used in this Agreement the following terms have the following meanings:

(a) "Norwegian Kroner" and "NOK" mean the currency of Norway; and

(b) "Special Account" means the account referred to in Section 2.02 (c) of this Agreement.

## 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 fifteen million Norwegian Kroner (NOK 15,000,000).

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 Analysis and Monitoring Component of 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.

(c) The Recipient shall, for purposes of the Project, open and maintain in Kroner a special deposit account in Den Norske Bank, on terms and conditions satisfactory to the Administrator, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of the Special Account shall be made in accordance with the Schedule to this Agreement.

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 July 31, 1997, 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/ James Mtonga  
Authorized Representative

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

By /s/ Katherine Marshall  
Acting Regional Vice President  
Africa

SCHEDULE

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required during the execution of the Project and to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 1 to the Development Credit Agreement; and

(b) the term "Authorized Allocation" means an amount equivalent to NOK 5,000,000 to be withdrawn from the Norwegian Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Administrator has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Administrator a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Administrator shall, on behalf of the Recipient, withdraw from the Norwegian Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Administrator requests for deposits into the Special Account at such intervals as the Administrator shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Administrator the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Administrator shall, on behalf of the Recipient, withdraw from the Norwegian Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Administrator from the Norwegian Grant Account in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the

Special Account, the Recipient shall, at such time as the Administrator shall reasonably request, furnish to the Administrator such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Administrator shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Recipient directly from the Norwegian Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Norwegian Grant, less the amount of any outstanding special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions, shall equal the amount of the Authorized Allocation.

Thereafter, withdrawal from the Norwegian Grant Account of the remaining unwithdrawn amount of the Norwegian Grant shall follow such procedures as the Administrator shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Administrator shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Administrator, the Recipient shall, promptly upon notice from the Administrator (A) provide such additional evidence as the Administrator may request, or (B) deposit into the Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Administrator shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount.

(c) The Recipient may, upon notice to the Administrator, refund to the Administrator all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Administrator made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Norwegian Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.



