

DANISH GRANT RELATED TO LOAN NUMBER 3434 ZIM

Danish Grant Agreement

(Structural Adjustment Program)

between

REPUBLIC OF ZIMBABWE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of Grant Funds
Provided by the
DANISH INTERNATIONAL DEVELOPMENT ASSISTANCE

Dated March 11, 1993

DANISH GRANT RELATED TO LOAN NUMBER 3434 ZIM

DANISH GRANT AGREEMENT

AGREEMENT, dated March 11, 1993, between REPUBLIC OF ZIMBABWE (hereinafter referred to as the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, acting as Administrator (hereinafter referred to as the Administrator) of a Grant provided by THE DANISH INTERNATIONAL DEVELOPMENT ASSISTANCE (hereinafter referred to as DANIDA).

WHEREAS the Recipient has requested the assistance of the International Bank for Reconstruction and Development (hereinafter referred to as the Bank) and the Danish International Development Assistance to finance part of the urgently required imports under the Recipient's program of actions, objectives and policies designed to achieve structural adjustment of the Recipient's economy (the Program) referred to in the Preamble to the Loan Agreement dated February 4, 1992, between the Recipient and the Bank (hereinafter referred to as the Loan Agreement).

WHEREAS in consideration of the above-mentioned request, DANIDA agrees to provide such assistance and has agreed to open a trust account and deposit therein an amount not exceeding seventy-five million Danish Kroner (DKr 75,000,000) (hereinafter referred to as the Danish

Grant) and has, pursuant to an Agreement dated December 29, 1992, between DANIDA and the Bank (hereinafter referred to as the Administration Agreement), appointed the Bank as Administrator of the said Trust Account for the purpose of providing assistance to the Recipient;

WHEREAS the Bank, as Administrator as hereinbefore mentioned, has agreed on the basis, inter alia, of the foregoing to extend the Danish 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 Loan and Guarantee Agreements" of the Bank, 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 "Bank", whenever used in the General Conditions, means the International Bank for Reconstruction and Development acting as Administrator of the Danish Grant pursuant to the provisions of the Administration Agreement;

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

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

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

(e) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 6.05, 7.01, 8.01 (a), 12.02 and 12.05 of the General Conditions are deleted; and

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

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

(a) "Danish Kroner" and "DKr" mean the currency of Denmark;

(b) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986);

(c) "OGIL" means the Recipient's open general import licensing system described in its Control of Goods, (Import and Export) Regulations, 1986, as amended to the date of this Agreement; and

(d) "ERS" means the Export Retention Scheme established by the Borrower on July 26, 1990.

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 seventy five million Danish Kroner (DKr 75,000,000).

Section 2.02. The amount of the Danish Grant may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Program.

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

Section 2.04. The Closing Date shall be December 31, 1994, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Other Covenants

Section 3.01. Schedule 3 to the Loan Agreement is hereby incorporated into this Agreement with the same force and effect as if it was fully set forth herein.

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 Loan Agreement shall terminate in accordance with its terms.

Section 4.04. The representative designated in Section 6.01 of the Loan Agreement shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.05. The addresses specified in Section 6.02 of the Loan Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 4.06. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan 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 DANIDA. The Recipient accepts and agrees that, upon notice by the Administrator to the Recipient to that effect, DANIDA 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 DANIDA 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 ZIMBABWE

By /s/ Elaisha Mushaykarara
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT,
as ADMINISTRATOR on behalf of the
DANISH INTERNATIONAL DEVELOPMENT
ASSISTANCE

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

SCHEDULE

Withdrawal of the Proceeds of the Grant

1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Grant may be withdrawn from the Trust Account for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods on the OGIL or goods imported under the ERS required during the execution of the Program and to be financed out of such proceeds.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures for goods included in the following SITC groups or sub-groups, or any successor groups or sub-groups under future revisions to the SITC, as designated by the Bank by notice to the Recipient:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and

		associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

(b) expenditures in the currency of the Recipient or for goods supplied from the territory of the Recipient;

(c) payments made for expenditures prior to February 4, 1992;

(d) expenditures for goods procured under contracts costing less than \$2,000 equivalent;

(e) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Bank shall have financed or agreed to finance;

(f) expenditures for goods intended for a military or para-military purpose or for luxury consumption; and

(g) expenditures in excess of an aggregate amount equivalent to DKr 15,000,000 for petroleum products and foodstuffs.

3. Withdrawals for expenditures under contracts for the procurement of goods estimated to cost less than \$1,000,000 may be permitted by the Bank upon the basis of statements of expenditure under such terms and conditions as the Bank shall specify.

4. The Recipient shall submit all withdrawal applications in due time so that all disbursements from the Trust Account shall be effected before December 31, 1994.