

Administration Agreement related to  
Credit No. 2033-MOZ

Administration Agreement

(Urban Household Energy Project)

between

NORDIC DEVELOPMENT FUND

and

NORDIC INVESTMENT BANK  
as Agent

and

NATIONAL DEVELOPMENT ASSOCIATION

Dated September 27, 1990

Administration Agreement related to  
Credit No. 2033 MOZ

ADMINISTRATION AGREEMENT

(Urban Household Energy Project)

AGREEMENT dated September 27, 1990 between NORDIC DEVELOPMENT FUND (hereinafter called "NDF"), NORDIC INVESTMENT BANK (hereinafter called the "Agent") and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called "IDA").

WHEREAS

(A) NDF and IDA have agreed to assist in financing the Urban Household Energy Project (the "Project") as follows:

- 1) IDA has entered into a Development Credit Agreement, Credit No. 2033 MOZ, with the People's Republic of Mozambique (the "Borrower") dated September 28, 1989 (the "IDA Credit Agreement") under which IDA has agreed to lend to the Borrower, on the terms and subject to the conditions therein set forth or referred to, an amount in various currencies equivalent to seventeen million one hundred thousand Special Drawing Rights (SDR 17,100,000) (the "IDA Credit") to assist in the financing of Parts A, B, C, D, E and F of the Project; and
- 2) NDF has entered into a Credit Agreement, Credit No. 1/89, with the Borrower dated September 28, 1989 (the "NDF Credit

Agreement") under which NDF has agreed to lend to the Borrower, on the terms and subject to the conditions therein set forth or referred to, an amount in various currencies equivalent to four million four hundred thousand Special Drawing Rights (SDR 4,400,000) (the "NDF Credit") to assist in the financing of Parts A, D and F of the Project;

(B) in accordance with the Cooperation Agreement between NDF and the Agent dated March 9, 1989, NDF has delegated to the Agent the following functions: financial administration of the NDF Credit, including disbursements, billing and collection of debt service payments; monitoring the Borrower's compliance with the terms of the NDF Credit Agreement; and supervision of procurement under the NDF Credit Agreement;

(C) the NDF Credit Agreement provides that a portion of the NDF Credit shall be disbursed through Special Account D opened and maintained by the Borrower in accordance with Section 2.02(b) of the IDA Credit Agreement, and provides further that the Borrower shall act in conformity with certain provisions of the IDA Credit Agreement; and

(D) at the request of NDF, IDA has agreed to administer the disbursement of the relevant portion of the NDF Credit through Special Account D, and generally to keep NDF and the Agent informed of the progress of the Project.

NOW THEREFORE NDF, the Agent and IDA hereby agree as follows:

#### ARTICLE I

##### Disbursement of the NDF Credit

Section 1.01. (a) All proceeds of the NDF Credit to be used for financing (i) the provision of equipment, materials, supplies and spare parts under Part D.6(a) of the Project and (ii) consultants' services under Part D.6(b) of the Project shall be deposited by the Agent into Special Account D and thereafter administrated by IDA,. Such proceeds (the 'Special Account Proceeds') shall not exceed in the aggregate approximately nine hundred thirty thousand Special Drawing Rights (SDR 930,000).

(b) All other proceeds of the NDF Credit shall be disbursed directly by the Agent in accordance with procedures agreed upon by NDF and the Borrower.

Section 1.02. (a) The Borrower may request that Special Account Proceeds be deposited into Special Account D in installments not to exceed approximately two hundred thirty-five thousand Special Drawing Rights (SDR 235,000).

(b) Deposits of Special Account Proceeds into Special Account D shall take place in the following manner:

- (i) The Borrower shall furnish to IDA requests for deposits of Special Account Proceeds into Special Account D in accordance with the procedure set forth in Schedule 6 to the IDA Credit Agreement (hereinafter referred to as Schedule 6). For the purpose hereof, the term "eligible expenditures" as used in Schedule 6 shall mean expenditures in respect of the reasonable cost of goods and services required for Parts D.6(a) and D.6(b) c,9 the Project and to be financed out of the proceeds of the NDF Credit allocated from time to time to Category 2 in Annex 1 to the NDF Credit Agreement.
- (ii) Requests for deposits of Special Account Proceeds shall be in such form as IDA shall specify (which shall be the same form as IDA requires for deposits into Special Account D under the IDA Credit Agreement) and shall be accompanied such documents and other evidence of eligible expenditures as IDA may require.
- (iii) The first request for deposit of Special Account Proceeds shall be submitted together with the Borrower's request

to IDA for withdrawal of the Authorized Allocation (as defined in Schedule 6). Subsequent requests shall be submitted together with the Borrower's requests to IDA for replenishment of Special Account D.

- (iv) When IDA shall have approved a request for deposit of Special Account Proceeds, it will notify the Agent that it has received such a request in the aggregate amount specified in such notification. that it has approved such request in accordance with the procedures set forth in Schedule 6 and that the Agent shall deposit the requested amount of Special Account Proceeds into Special Account D.
- (v) Upon receipt of notification from IDA pursuant to clause (iv) above, the Agent shall, subject to (c) below, within five (5) Helsinki banking days, deposit into Special Account D the amount of Special Account Proceeds stated in such notification and shall notify IDA of such deposit.

(c) Each deposit of Special Account Proceeds into Special Account D in accordance with paragraph (b) above shall constitute a drawdown by the Borrower under Section 2.02 of the NDF Credit Agreement of an amount of the NDF Credit equal to the amount of such deposit. Consequently, the deposit of Special Account Proceeds into Special Account D is subject to the conditions of disbursement set forth in Article VIII of the NDF Credit Agreement (with the exception of the condition set forth in Section 8.01(a) of such Agreement). IDA shall have no responsibility for monitoring compliance with such conditions of disbursement.

(d) IDA shall, at the Agent's request, furnish the Agent with a copy of any or all of the Borrower's requests for deposit of Special Account Proceeds, including any documents or other evidence that accompanied such request or requests.

Section 1.03. (a) While totally financed by NDF: (i) equipment, materials, supplier and spare parts under Part D.6(i) of the Project shall be procured in accordance with Section I, Parts A to C of Schedule 7 to the IDA Credit Agreement, and (ii) consultants' services under Part D.6(b) of the Project shall be procured in accordance with Section II of Schedule 7 to the IDA Credit Agreement. Such procurement shall be supervised by IDA in accordance with its normal procedures.

(b) Payments of Special Account Proceeds by the Borrower out of Special Account D shall be governed by, and made in accordance with, Schedule 6. IDA hereby undertakes to monitor such payments to ensure that they are made exclusively for eligible expenditures (as defined above).

(c) IDA shall maintain, in accordance with its customary procedures, records showing that Special Account Proceeds have been paid out of Special Account D exclusively for eligible expenditures (as defined above). IDA shall respond promptly to any reasonable request by the Agent for information concerning such expenditures.

Section 1.04. Notwithstanding Section 1.02, the Agent shall not be obligated to make any deposit of Special Account Proceeds into Special Account D if NDF shall have suspended in whole or in part the Borrower's right to draw down the NDF Credit. The Agent shall promptly notify IDA of any such suspension.

Section 1.05. IDA shall promptly remit to the Agent the aggregate amount of any Special Account Proceeds refunded to IDA by the Borrower in accordance with paragraph 6 of Schedule 6.

## ARTICLE II

### Special Provisions of the NDF Credit Agreement

Section 2.01. The NDF Credit Agreement imposes certain obligations on the Borrower that are the same as or refer to obligations imposed by the IDA Credit Agreement, as follows:

(a) Section 4.01(b) of the NDF Credit Agreement imposes on the Borrower the same obligations as Section 3.01 (b) of the IDA Credit Agreement with respect to carrying out Parts D, E and F of the Project.

(b) Section 4.02 of the NDF Credit Agreement provides that the obligations referred to in Section 3.03 of the IDA Credit Agreement shall be carried out: (i) in respect of Part A of the Project, by EDM pursuant to Section 2.03 of the EDM Project Agreement, and (ii) in respect of Parts D and F of the Project, by the Borrower pursuant to Section 4.01(a) of the NDF Credit Agreement.

(c) Section 5.02 of the NDF Credit Agreement imposes on the Borrower the same obligations as Section 4.02(a) of the IDA Credit Agreement.

(d) Section 5.06 of the NDF Credit Agreement imposes on the Borrower the same obligations as Section 4.07 of the IDA Credit Agreement, with the exception of the obligations relating to PETROMOC, and MOCACOR.

(e) Section 5.07 of the NDF Credit Agreement provides that the Borrower shall comply with the provisions of Section 4.09 of the IDA Credit Agreement.

(f) Section 5.08 of the NDF Credit Agreement imposes on the Borrower the same obligations as Section 4.11(a) of the IDA Credit Agreement.

### ARTICLE III

#### Consultation and Exchange of Information

Section 3.01. For purposes of applying Section 8.01(c)(ii) of the NDF Credit Agreement, IDA shall inform the Agent when all the conditions precedent to effectiveness of the IDA Credit Agreement have been met.

Section 3.02. For purposes of applying paragraph 2 of Annex I to the NDF Credit Agreement, IDA shall inform the Agent when:

- (i) the Borrower has furnished to IDA a plan satisfactory to IDA to resolve EDM's financial situation;
- (ii) EDM has implemented a tariff increase for the second half of fiscal year 1989; and
- (iii) the Borrower has furnished to IDA satisfactory action plans for recovering arrears of account receivables due to EDM.

Section 3.03. (a) IDA shall promptly, to the extent practicable, inform the Agent whenever it proposes:

- (i) to amend the IDA Credit Agreement in any material respect;
- (ii) to suspend, in whole or in part, the right of the Borrower to make withdrawals under the IDA Credit Agreement; or
- (iii) to declare the indebtedness of the Borrower under the IDA Credit Agreement to be due and payable in advance of the maturity thereof.

(b) The Agent shall promptly, to the extent practicable, inform IDA whenever NDF proposes:

- (i) to amend the NDF Credit Agreement in any material respect;
- (ii) to suspend, in whole or in part, the right of the Borrower to draw down funds under the NDF Credit Agreement; or

(iii) to declare the indebtedness of the Borrower under the NDF Credit Agreement to be due and payable in advance of the maturity thereof.

(c) In any case described in (a) or (b) above, NDF and IDA shall, to the extent practicable, afford each other a reasonable opportunity, in advance of taking the proposed action, to exchange views with respect thereto. Each party, however, shall retain its independent right of decision and action under the NDF Credit Agreement and the IDA Credit Agreement, respectively, including the right to permit continued disbursement thereunder notwithstanding suspension or cancellation of the other Agreement.

Section 3.04. The Agent and IDA shall promptly inform each other of any cancellation or repayment in advance of maturity by the Borrower of any amount of the NDF Credit or the IDA Credit, respectively.

Section 3.05. IDA shall keep NDF and the Agent informed generally of the progress of the Project, including the status of implementation of the provisions referred to in Article 11 of this Agreement. To that end, IDA shall furnish the Agent with:

- (i) copies of IDA's reports on the Project, including the findings of inspections and supervision by IDA staff members; and
- (ii) copies of the progress and relevant audit reports furnished to IDA pursuant to the IDA Credit Agreement.

Section 3.06. IDA shall inform the Agent beforehand of any scheduled supervision mission and afford NDF/Agent personnel the opportunity to participate therein, subject to the concurrence of the Borrower.

Section 3.07. The Agent and IDA shall, at the request of either party, exchange views with respect to the progress of the Project and any other matters relating to NDF's or IDA's financing of the Project.

Section 3.08. IDA and the Agent shall inform each other of any event of which it is aware that, in its judgment, may interfere with the carrying out of the Project (including the implementation of the respective Credit Agreements) or the realization of the benefits thereof (including but not limited to any matters relating to the economic situation of the Borrower).

#### ARTICLE IV

##### Miscellaneous

Section 4.01. IDA 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.

Section 4.02. This Agreement shall become effective as of the date first above written and, subject to Section 4.03 hereof, shall continue in effect until the entire proceeds of the NDF Credit have been repaid (or such shorter period as NDF, the Agent and IDA may agree upon).

Section 4.03. This Agreement may be terminated by any party hereto, provided that such party gives the other parties hereto at least ninety (90) days prior written notice of such termination.

Section 4.04. This Agreement may be amended only by written agreement among the parties hereto.

Section 4.05. NDF shall pay to IDA a fee of one percent (1%) of the Special Account Proceeds referred to in Section 1.01 of this Agreement for the administrative services to be performed by IDA pursuant to this Agreement. Such fee shall be paid within forty five (45) days after IDA has approved the Borrower's first request for deposit of Special Account Proceeds into Special Account D in accordance with Section 1.02(b)(iv) of this Agreement.

Section 4.06. Any written communications concerning the matters

subject to THIS Agreement shall be sent, by first-class mail (postage prepaid) or by telex or telefax, to the following addresses:

For NDF:

Nordic Development Fund  
P.O. Box 185  
SF-00171 Helsinki  
Finland

Telex: 124704 nib sf  
Telefax: 358-0-1800455

For NIB:

Nordic Investment Bank  
P.O. Box 249  
SF-00171 Helsinki  
Finland

Telex.: 124704 nib sf  
Telefax: 358-0-100282

For IDA:

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

Telex: FTCC 82987  
Telefax: (202) 477-6391

Section 4.07. Terms used but not defined herein shall have the meaning ascribed to them in the NDF Credit Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Washington, D.C., as of the day and year first above written.

NORDIC DEVELOPMENT FUND

By: /s/ Karl I. Ohman

By: /s/ Ole L. Poulsen

NORDIC INVESTMENT BANK

By: /s/ Eivind Dingstand

By: /s/ Sir Hellen

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Stephen M. Denning



